



DAILY REPORT

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FOREIGN MINISTRY SPOKESMAN HOLDS WEEKLY BRIEFINGNakasone, Prince Philip To Visit

OW151044 Beijing XINHUA in English 1036 GMT 15 Oct 86

[Text] Beijing, October 15 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone is expected here on November 8 and 9 to attend the cornerstone-laying ceremony of the China-Japan Youth Communication Center as guest of General Secretary Hu Yaobang.

This was announced by a Foreign Ministry spokesman at the weekly news briefing here this afternoon.

The spokesman also announced that Prince Philip, Duke of Edinburgh, who is president of the World Wildlife Fund, will come to China again on a working visit from October 24 to 30 as guest of the Chinese Government. The prince is presently accompanying the British queen, Elizabeth II, on a visit in China.

Hopes for More U.S.-USSR Talks

OW151054 Beijing XINHUA in English 1042 GMT 15 Oct 86

[Text] Beijing, October 15 (XINHUA) -- China hopes that the United States and the Soviet Union will continue their dialogue, Foreign Ministry spokesman said at the weekly news briefing here this afternoon.

The spokesman made this remark in response to questions about China's comment on the outcome of the U.S.-Soviet summit in Iceland.

"We have taken note of the fact that the U.S.-Soviet summit meeting in Iceland led to no agreement. China has always stood for dialogue between the United States and the Soviet Union, for dialogue is better than confrontation after all," he said.

COMMENTARY ON U.S.-USSR SUMMIT FAILURE

OW150525 Beijing Domestic Service in Mandarin 1150 GMT 14 Oct 86

[Commentary from the "International Current Events" program by RENMIN RIBAO reporter Gu Yaomin: "A Meeting That Broke Up in Discord -- on the U.S.-Soviet Summit in Iceland"]

[Text] The 2-day U.S.-Soviet summit meeting in Iceland broke up in discord without achieving any results. Prior to his departure from Reykjavik on the evening of 12 October, U.S. President Reagan told military personnel on U.S. bases that the historic proposals he presented to Gorbachev at the meeting were turned down by the Soviet leader. At a press conference held after the summit, Soviet leader Gorbachev accused American leaders of coming to the meeting empty-handed and lacking sincerity. Gorbachev said only a madman would have accepted Reagan's proposals. Because the United States turned down the Soviet proposals, an important opportunity was lost in Reykjavik.

According to U.S. and Soviet briefings, most of the first half of the meeting proceeded rather smoothly. The views on both sides were close on such issues as intermediate-range missiles, reduction of strategic nuclear arms, and regional conflicts, as well as human rights and bilateral relations. On the issue of reducing strategic nuclear arms, in particular, the United States was considering agreeing with the Soviet proposal that each side reduce its strategic offensive nuclear arms by one half. However, the atmosphere of the meeting held the afternoon of 11 October suddenly worsened. The two sides had serious differences over the issue concerning the United States' Strategic Defense Initiative [SDI]. While discussing the issue of banning nuclear tests, Reagan proposed that the United States proceed with researching and testing SDI with the idea of using it a decade from now. Gorbachev stressed that the United States must strictly abide by the Antiballistic Missile Treaty and that the testing of SDI projects must be confined to the laboratory. Reagan promptly rejected the proposal, pointing out that he could not concede on this issue, and that SDI project testing should be allowed in space as well as in the laboratory..

Gorbachev criticized the United States for continuing to develop and produce modern weapons on the one hand while indicating readiness to destroy nuclear weapons on the other, and he pointed out that this is unacceptable to the Soviet Government. The two sides were stalemated on this issue. Consequently, the meeting ended hastily, without even discussing other issues on which certain accords could have been reached.

It is not surprising that the summit ended in this way. By hastily holding the summit meeting, the U.S. and Soviet leaders hoped to satisfy each other's need for some respite from their fierce confrontation. In addition, they also wanted to know each other's real intention at the meeting. During the series of negotiations and consultations held in the past 2 months, the United States and Soviet Union have tried to explore possibilities of reaching certain accord in such areas as arms control and regional conflicts, as well as observing treaties limiting nuclear weapons, and both sides have made some concessions and presented all sorts of proposals to compromised. However, both sides have refused to budge on the star wars issue. Insisting that the United States intends to gain nuclear superiority by means of the star wars project, Moscow has attempted to restrict Washington's move so that it will not be able to accomplish the project. The United States, however, is unwilling to be restricted by Soviet demands, stressing that the project aims to build an even more reliable basis for deterrence.

The struggle for and against star wars has now become the main obstacle affecting U.S.-Soviet relations. While both sides want to break the stalemate, they do not want to make any further concessions on any issue that can affect their basic interests.

During the summit meeting, at which the two sides fought a roundabout battle, the Soviet side presented some proposals concerning arms control and regional conflicts and made considerable concessions and the U.S. side indicated that it would consider accepting those proposals. Everything seemed to be going smoothly. But the two sides did not really confront each other or reveal the wide gap between their standpoints until the issue concerning space weapons came up. After the summit, Shultz told the press that the meeting on that afternoon [11 October] showed that the Soviet leaders attach great importance to the SDI program. He said: I think one important reason why it was possible to reach an accord on some issues so quickly was apparently because of the fact of the strong existence of SDI. The meaning of these remarks is very clear: The United States will not easily give up the star wars program, but will continue to play this card to press the USSR.

Many people worry that U.S.-Soviet relations may worsen following the Iceland summit. However, the post-summit talks between the U.S. and Soviet leaders show that instead of saying anything definitive, both sides have left some leeway. The Iceland meeting has once again told us that there are sharp contradictions between the United States and the Soviet Union, that it is impossible for either side to give up vying for superiority, that their confrontation is the fundamental issue, and that neither side will budge on issues pertinent to their fundamental interests.

PRC OFFICIAL, COMMENTATOR INTERVIEWED ON SUMMIT

OW141455 Tokyo NHK Television Network in Japanese 1100 GMT 13 Oct 86

[From "News Center 9" program; NHK Beijing correspondent Sonoda interviews Gao E, deputy director of the Institute of International Studies under the Foreign Ministry, and Jiang Yuanchun, RENMIN RIBAO commentator; interviews conducted in Mandarin with subtitles provided in Japanese; following is taken from the Mandarin -- recorded; date, place of interviews not given]

[Text] [Sonoda] What do you think will be the future relations between the United States and the USSR?

[Gao] As there have sometimes been talks between the two countries to defuse the tension and sometimes conflicts resulting in some tension, I think such a situation will probably continue for quite a long time. In this connection, though they failed to reach an accord at the talks, in my view there still is a possibility of their holding more talks.

As far as the influence is concerned, I suspect the two sides must have gained some understanding though no accord was reached. At present, we do not have a clear view of the actual situation. In fact, from what spokesmen have said, it seems that the two sides moved closer on some issues but no accord was reached in the end. U.S. Secretary of State Shultz expressed his dissatisfaction with the summit talks, but it seems that the remarks were made as a ruse on both sides.

[Sonoda] Why is it that RENMIN RIBAO did not carry the report on the U.S.-USSR summit talks on its front page?

[Jiang] This may be one defect of RENMIN RIBAO. In the past, RENMIN RIBAO did not attach much importance to international news. However, we have made some improvement. We carry some major international news on the front page now. In my opinion, we did not frontpage the report on the U.S.-USSR talks because we do not cherish much hope for the talks. In our opinion, world peace does not depend on the charity of the United States or the USSR. It is not as if you will have peace if they give it to you and you will not have it if they do not give it to you. It depends on the efforts for peace made by the peoples of nations in general.

PRC DELEGATE SPEAKS ON DISARMAMENT

OW111418 Beijing XINHUA in English 1222 GMT 11 Oct 86

[Text] Buenos Aires, October 10 (XINHUA) -- Some parliamentarians attending the ongoing Interparliamentary Conference here today called on the parliaments and governments all over the world to safeguard peace, strengthen cooperation and eliminate the possibility of a nuclear disaster.

Parliamentarians from China, Argentina, Greece, India, Mexico and Sweden voiced an appeal for all-out efforts to maintain peace, the shared goal of the world people, which means support and cooperation from all countries.

He Ying, head of the Chinese delegation, said in his speech today that the ultimate goal of nuclear disarmament should be a total ban and complete destruction of all nuclear weapons.

Explaining China's stance on disarmament and the current international situation, he pointed out that the Soviet Union and the United States ought to take the lead in stopping testing, producing and deploying all nuclear weapons, in cutting and destroying on a large scale the nuclear weapons deployed on either their own territories or foreign soil.

"Nuclear countries should guarantee not to be the first to use nuclear weapons under any circumstances," he stressed.

The arms race, with nuclear weapons in particular, must be stopped in order to maintain peace, the Chinese delegation head said. "Progress of disarmament is determined by the sincerity and concrete actions of the superpowers rather than their lip services and documents," he emphasized.

On the imminent U.S.-Soviet meeting in Iceland, he said that China hopes the two sides conduct serious and conscientious dialogue so as to achieve effective agreements and take concrete measures on disarmament rather than make the meeting a camouflage for greater arms race.

He also stressed that the maintenance of world peace must be linked with opposing and checking hegemonist aggressions and interference, and with halting regional military conflicts and wars.

On the Kampuchea, Afghanistan and Central America questions, he pointed out all these problems had grown more complicated with aggressions or direct interference of superpowers. "The Chinese people, along with the people of other countries, will wage an unwavering struggle for world peace," he concluded.

In a statement published today, the legislators of Argentina, Greece, India, Mexico and Sweden pointed out that "the next meeting between President Ronald Reagan and General Secretary Mikhail Gorbachev renews the expectations of achieving effective measures in favor of disarmament. The main responsibility of putting an end to the nuclear arms race falls on the nuclear powers, but those countries which do not have nuclear weapons are also interested in the matter because they suffer the consequences."

"We hope the nuclear and space arms negotiations, to be carried out between the U.S. and Soviet representatives in Geneva, will produce substantial results as soon as possible," they said.

The statement pointed out that to realize the goal of eliminating nuclear weapons completely, it is necessary "to initiate multilateral negotiations immediately so as to end production and installation of nuclear weapons and their launching devices." At the same time, a fully verified suspension of nuclear arms tests would limit improving quality and lead to nuclear disarmament, they added.

The 76th Interparliamentary Conference, which mainly discussed humanitarianism in military conflicts and elimination of various colonialist remnants, is expected to end tomorrow.

REAGAN SPEECH ADDRESSES SUMMIT DISCUSSION

OW140834 Beijing XINHUA in English 0735 GMT 14 Oct 86

[Text] Washington, October 13 (XINHUA) -- President Ronald Reagan said tonight that the United States and the Soviet Union "are closer than ever before" to reaching agreements on nuclear arms and he believed "additional meetings would be useful."

The President made these remarks in a nationally televised speech broadcast from the Oval Office of the White House in reviewing the failure of his summit meeting with Soviet leader Mikhail Gorbachev in Reykjavik, Iceland, last weekend, due to disputes over Reagan's Strategic Defence Initiative (SDI) known as "star wars" program.

He explained that he and Gorbachev were making "promising" progress on arms control issues, including potential agreements to tally eliminate strategic weapons with 10 years and limit superpower intermediate-range missiles to 100 each, none of which would be deployed in Europe.

But the debate began on the SDI issue, Reagan continued, "the general secretary wanted wording that in effect would have kept us from developing the SDI for the entire 10 years. In effect, he was killing SDI and unless I agreed, all that work towards eliminating nuclear missiles would go down the drain -- cancelled."

However, the President said he was optimistic that a way would be found around the impasse.

"The door is open and the opportunity to begin eliminating the nuclear threat is within reach," he claimed. "We made progress in Iceland,...for the first time in a long while, Soviet-American negotiations in the area of arms reductions are moving, and moving in the right direction."

But Reagan indicated there was no guarantee that his talks in Iceland or any future discussions with Moscow would "lead inevitably to great breakthroughs or momentous treaty signings."

As for the possibility of a full-scale summit due to be held in Washington by the end of the year, he said, there was not indication by Mr. Gorbachev as to when or where he plans to travel to the United States."

"I repeat tonight that our invitation stands and that we continue to believe additional meetings would be useful, but that's a decision the Soviets must make," he added.

RENMIN RIBAO ON U.S.-USSR TENSIONS OFF ALASKA

HK140803 Beijing RENMIN RIBAO in Chinese 10 Oct 86 p 6

[Report: "U.S., Soviet Navies and Air Forces Confront Each Other; Tension in Alaska"]

[Text] U.S. Pentagon officials said that the U.S. Air Force has recently been sending F-15 fighter planes to intercept Soviet Bear bombers over Alaskan airspace. In September alone, four Soviet bombers flew 90 miles deep into the sky off the north coast of Alaska.

The Soviet Navy, and in particular its submarines, have also increased their activities in the region. Pentagon officials said that this series of Soviet military activities is aimed at finding "blind spots" in the U.S. radar system. The U.S. Naval and Air Forces have taken corresponding measures.

Since June, the U.S. Navy has sent more aircraft carriers and Marines, while the Air Force dispatched an advance warning aircraft to patrol over Alaska, as well as installing an "over-the-horizon" radar system. The U.S. Army has also sent an additional 4,000 troops to the area.

The above mentioned incident has worried the local residents. However, there are some who deem the appearance of such a state between the United States and the USSR as not surprising at all.

FOREIGN INVESTORS TO RECEIVE PREFERABLE TREATMENT

OW131727 Beijing XINHUA in English 1600 GMT 13 Oct 86

[Text] Rimini, Italy, October 13 (XINHUA) -- China will grant "more preferential treatment" to foreign investors to make their investments profitable, a senior Chinese trade official said here today.

Jia Shi, chairman of the China Council for the Promotion of International Trade, told a seminar that China is determined to cut the red-tape involved in the approval process for foreign investment projects and will strictly observe the terms of agreements signed with foreign partners.

Speaking at the Pio Manzu International Research Center, Jia outlined China's economic and trade situation, saying that since 1979 China has made use of 24.9 billion U.S. dollars of foreign capital in the form of loans from foreign governments and international financial institutions, direct foreign investments and foreign commercial credits.

Jia said here are 6,800 joint ventures, cooperative enterprises and exclusively foreign-owned enterprises in China.

Due in large part to its own economic strength, Jia said, China is active in promoting trade and technological exchanges to speed up its modernization drive.

ZHAO ZIYANG MEETS UN IFAD HEAD, NOTES COOPERATION

OW141702 Beijing XINHUA in English 1639 GMT 14 Oct 86

[Text] Beijing, October 14 (XINHUA) -- China is satisfied with its cooperation with the International Fund for Agricultural Development (IFAD), Chinese Premier Zhao Ziyang said here today.

Ifad's cooperation with China has been very efficient and is just what China needs, Zhao said.

The premier made these remarks at a meeting with IFAD President Idriss Jazairy at the Diaoyutai State Guesthouse.

IFAD is the only U.N. financial institution with Third World countries as its main members, Zhao said. "China has always supported IFAD and will continue to do so."

China is still poor, and because of its large population its per capita income is still low. Yet China will carry out its obligations limited as its financial power is.

The organization was founded in 1976 with the aim of aiding grain production in developing countries.

Zhao expressed the hope that IFAD would continue to expand its cooperation with China. The premier thanked IFAD for its aid to China and invited Jazairy to see more of China.

Jazairy said, he was happy with the good cooperation between China and IFAD, and that China's support has helped the Third World countries become stronger. IFAD has sponsored three cooperation projects in China and is going to approve one more, he said.

Jazairy is scheduled to leave here for a study tour of Hebei Province tomorrow.

WAN LI MEETS MUSLIM WORLD CONGRESS CHAIRMAN

OW101336 Beijing XINHUA in English 1329 GMT 10 Oct 86

[Text] Beijing, October 10 (XINHUA) -- Vice-Premier Wan Li met a delegation from the Muslim World Congress led by Chairman Marouf al-Dawalibi [name as received] here today.

Wan expressed his appreciation of the congress' efforts to maintain world peace, saying China is for world peace and progress. China hopes to strengthen its cooperation with Islamic countries, Wan said.

Dawalibi said the congress has always advocated cooperation among countries with different social systems and stood for world peace. The delegation is leaving for tours of other Chinese cities tomorrow.

BEIJING TO HOST PRC-U.S.-JAPAN SPACE SYMPOSIUM

OW141811 Beijing XINHUA in English 1445 GMT 14 Oct 86

[Text] Beijing, October 14 (XINHUA) -- Chinese, American and Japanese scientists will gather in Beijing in June next year for a symposium on the application of space technology in the Pacific region, XINHUA learned from the Chinese Astronautics Society today.

An official from the society said the symposium is aimed at promoting technical exchanges and cooperation between various countries.

Space technology is developing fast in the Pacific region, according to the official. China, Japan and India have all mastered the science of space exploration, he said.

The participants will discuss the latest space technology used in telecommunication, monitoring, remote control and rocket payloads.

Ren Xinmin, president of the Chinese Astronautics Society, will chair the meeting.

FURTHER REPORTAGE ON SINO-SOVIET CONSULTATIONS

Border Talks To Resume

0W150047 Beijing XINHUA in English 0031 GMT 15 Oct 86

[Text] Beijing, October 15 (XINHUA) -- China and the Soviet Union have agreed that their boundary negotiations at the level of vice-foreign ministers will be resumed in Moscow in February 1987 and the negotiations will be held in the capitals of the two countries alternately.

This was contained in a press communique on the ninth round of Sino-Soviet consultation issued here today.

This round of consultation was held in Beijing from October 6 to 14.

The next round of consultation is scheduled for April 1987 in Moscow, the communique said.

It said during this round of consultation, Qian Qichen, special envoy of the Chinese Government and vice-foreign minister, and I.A. Rogachev, Soviet special envoy and vice-foreign minister, continued discussing issues on normalizing Sino-Soviet relations.

The two sides exchanged views on the two countries' ties in the political, economic, trade, cultural and other fields and on some major international and regional issues of common concern, it said.

The two sides reaffirmed their sincere desire for further improving and expanding the Sino-Soviet relations.

The communique said the consultation proceeded in an earnest and frank atmosphere. The two sides held that the consultation and dialog were useful.

More on Border Negotiations

HK141437 Hong Kong AFP in English 1421 GMT 14 Oct 86

[Text] Beijing, Oct 14 (AFP) -- China and the Soviet Union have agreed to reopen border negotiations in February, a Soviet diplomat in Beijing said Tuesday.

The border talks, broken off by Beijing after Soviet troops entered Afghanistan in 1978, will be held at a vice-ministerial level, first in Moscow and then in Beijing, the diplomat added.

The agreement was made by Soviet Deputy Foreign Minister Igor Rogachev and Chinese counterpart Qian Qichen last week during the ninth round of Sino-Soviet normalisation talks, said the diplomat who requested anonymity.

Western diplomats described the development as one of the most striking signs yet of a thaw in relations between Moscow and Beijing since they opened normalisation talks in 1982, two decades after the Sino-Soviet split over ideological and strategic differences.

The Soviet and Chinese foreign ministers, Eduard Shevardnadze and Wu Xueqian, had announced their countries' intention to resume border talks when they met in New York during the United Nations General Assembly last month.

China and the Soviet Union share a 7,500-kilometre (4,650 mile) border which is contested at two points -- northeast China along the Amur and Ussuri rivers, and in northwestern Xinjiang facing Soviet Kazakhstan.

Both areas were the scene of bloody clashes between Chinese and Soviet border guards in 1969 and the 1970's.

Soviet leader Mikhail Gorbachev indicated in Vladivostok on July 28 that Moscow was ready to recognise the border with northeast China as running down the middle of the Amur and Ussuri rivers, and not on the Chinese bank as the Soviet Union had previously insisted.

Sino-Soviet border talks were regularly held, alternatively in Moscow and Beijing, from 1964 to 1978 without any concrete agreement being reached.

The Soviet diplomat said Mr Rogachev's delegation would leave for Moscow on Wednesday and added that a 10th round of normalisation talks would be held in April in Moscow.

While in Beijing, the Soviet side agreed for the first time to discuss the thorny issues of Vietnam's occupation of Cambodia and the presence of Soviet troops in Afghanistan. Both are viewed by Beijing as obstacles to restored Sino-Soviet relations.

Earlier Tuesday, a Soviet spokesman in Beijing said Mr Rogachev and Mr Qian were preparing a joint statement on the results of their talks.

Mr Rogachev was expected to help complete the draft statement here before leaving for Moscow Wednesday, said the spokesman, who described the talks as "productive" and having taken place in a "very good atmosphere."

In another development, the NEW CHINA NEWS AGENCY said Vietnam had "challenged international opinion," by refusing to withdraw its troops from Cambodia despite calls for it to do at the U.N. General Assembly.

"Hanoi's unreasonable challenge to international opinion has demonstrated it has no intention to withdraw its troops and seek a political solution to the Kampuchean problem," the agency said.

No Major Change on Cambodia

HK150330 Hong Kong AFP in English 0308 GMT 15 Oct 86

[Text] Beijing, Oct 15 (AFP) -- China and the Soviet Union are to reopen border talks in Moscow in February after an eight-year hiatus, Soviet Deputy Foreign Minister Igor Rogachev said here Wednesday.

Mr Rogachev, speaking at the airport here before leaving for Moscow, called the decision to reopen border talks "one of the most significant results" of the discussions he held here with Chinese officials of normalizing Sino-Soviet relations.

Meanwhile, Chinese Deputy Foreign Minister Qian Qichen told foreign correspondents that the ninth round of Sino-Soviet talks on normalising relations produced "no substantial change" in the Soviet position on Cambodia.

"I don't think (there was) any major change" on Cambodia, he said.

A joint Sino-Soviet statement published Wednesday by the NEW CHINA NEWS AGENCY said the border discussions would be held at the deputy ministerial level and also that the next round of normalisation talks would be held in Moscow in April.

Sino-Soviet talks on their 7,500-kilometer (4,650-mile) common border were cut off by Beijing in 1978 as a protest against the Soviet military intervention in Afghanistan.

USSR Declines Deng-Gorbachev Meet

0W150555 Tokyo KYODO in English 0540 GMT 15 Oct 86

[Excerpt] Beijing, Oct. 15 KYODO -- The Soviet Union has turned down a Chinese proposal that senior leader Deng Xiaoping is ready to meet with Soviet leader Mikhail Gorbachev, if Moscow agrees to press Vietnam to withdraw its troops from Kampuchea, a Soviet authoritative source in Beijing disclosed Wednesday.

The Soviet refusal was made by Igor Rogachev, chief delegate to the Sino-Soviet normalization talks, when he met with his Chinese counterpart Qian Qichen during the ninth round of the negotiations held here October 6-14, the source said.

Rogachev, Soviet vice foreign minister, told the Chinese side that China should hold direct negotiations with Vietnam on the matter, instead of asking the Soviet Union to press the Vietnamese, the Soviet source quoted him as saying.

The Chinese proposal was first made public by Deng in an interview with CBS of the U.S. on September 2. Deng then said he was ready to meet Gorbachev anytime and anyplace, if Moscow presses Hanoi to pullout from Kampuchea.

During the Rogachev-Qian talks, the Chinese side reportedly emphasized that Vietnam's troop pullout from Kampuchea is key to improving Sino-Soviet relations.

Rogachev also informed the Chinese that the withdrawal of six Soviet regiments from Afghanistan would begin on Wednesday, the Soviet source added.

A press communique, issued at the end of the Rogachev-Qian negotiations here, said the two countries agreed to resume their border talks in Moscow next February, the official Chinese news agency XINHUA reported.

The agreement apparently was the only substantial result from the latest round of semiannual meetings aimed at normalizing relations between the two communist powers.
[passage omitted]

Rogachev Leaves for Home

OW150700 Beijing XINHUA in English 0654 GMT 15 Oct 86

[Text] Beijing, October 15 (XINHUA) -- Soviet Government's special envoy and Vice-Foreign Minister I.A. Rogachev left here for home this morning after attending the ninth round Sino-Soviet consultation.

Rogachev and his party were seen off at the airport by Qian Qichen, special envoy of the Chinese Government, and O.A. Troyanovskiy, Soviet ambassador to China.

Responding to reporters at the airport, Rogachev said during the consultation both sides expressed a sincere desire for further improving the Sino-Soviet relations and they also discussed the situation in Indo-China.

When asked whether the Kampuchea issue was resolved, Rogachev said, it was impossible to resolve the issue in just one round of talks.

On the same question, Chinese Vice-Foreign Minister Qian Qichen said that the Soviet side now has agreed to discuss the Kampuchea issue. "But so far we haven't seen any substantial change in their position," he noted.

Rogachev and his party arrived for the consultation on October 5.

ENVOY BRIEFS SOVIET ACADEMY ON SUN SYMPOSIUM

OW141850 Beijing XINHUA in English 1650 GMT 14 Oct 86

[Text] Moscow, October 14 (XINHUA) -- Soviet scholars today ended a two-day symposium on Dr. Sun Yat-sen, marking the 120th birthday of the great Chinese revolutionary forerunner.

The seminar, attended by more than 100 specialists and experts including Chinese scholars, was jointly sponsored by the Far East Institute and the Institute of Orientology of the Soviet Academy of Sciences and the Association of Soviet Sinologists.

Sergey Tikhvinskiy, Soviet academician and a noted sinologist paid a high tribute in his speech to Dr. Sun, leader of the 1911 Chinese democratic revolution.

Tikhvinskiy will attend a symposium on Dr. Sun, to be held later this month in Guangdong, China.

Liu Danian, vice president of the China Society for the Study of Dr. Sun Yat-sen, said in his speech that he and his fellow Chinese scholars saw the workshop as an opportunity to exchange results of the research. He also briefed the participants on the preparations for the coming academic gathering in China.

SINO-DPRK SPORTS EXCHANGE ACCORD SIGNED

OW141150 Beijing XINHUA in English 1051 GMT 14 Oct 86

[Text] Pyongyang, October 14 (XINHUA) -- A sports exchange agreement between the Democratic People's Republic of Korea and China was signed here Monday to further sports cooperation among the two countries.

In accordance with the agreement a variety of sports activities will be carried out in the hope of improving the sports standards in D.P.R. Korea and China and cementing the friendship among the athletes and peoples of the two nations.

XINHUA NOTES KIM IL-SONG'S COMING VISIT TO USSR

OW141220 Beijing XINHUA in English 1218 GMT 14 Oct 86

[Text] Pyongyang, October 14 (XINHUA) -- General Secretary of the Workers' Party of Korea Kim Il-song will visit the Soviet Union in late October, the Korean Central Television Station reported today.

The visit will be made at the invitation of Soviet leader Mikhail Gorbachev.

This is Kim Il-song's second visit to the Soviet Union since 1984 when he had a tour of the Soviet Union and some East European countries.

IOC DEMANDS DPRK AGREEMENT PRIOR TO OLYMPIC TALKS

OW132006 Beijing XINHUA in English 1905 GMT 13 Oct 86

[Text] Lausanne, October 13 (XINHUA) -- There will not be another round of talks between the two sides of Korea on the co-hosting of the 1988 Olympic Games until the northern side sends a written agreement to the proposal of the International Olympic Committee.

Michele Verdier, the IOC press secretary, told the international press here today that the National Olympic Committee of the Democratic People's Republic of Korea should give a written reply to the IOC proposal before another round of talk is possible.

The IOC proposal is that two sports, archery and table tennis, plus the 100 kilometer road cycling and part of the football qualifying matches be held in the northern part of Korea on the condition that there will be free access to both sides for all athletes and journalists taking part or covering the games.

An official from the DPRK is telling the IOC members and pressmen that they demand eight sports to be staged in their side, including part sports, for example, either the women's basketball or the men's basketball, or the women's volleyball or the men's volleyball.

The current session of the IOC heard a report from Raymond Gafner, administrateur delegue of the IOC, on the progress in the three rounds of talks between the northern and southern sides of Korea in Lausanne between November last year and June this year, and gave full support to the position of the IOC executive board on the matter, Michele said.

The IOC, she said, would not close the door to further talks until September 17, 1987, one year before the 1988 Olympic Games when it sends the invitations to the National Olympic Committees for participations in the Seoul Olympic Games.

Michele said that 86 IOC members were present at the Lausanne session and there would be 85 votes to decide the two cities hosting the 1992 summer and winter games. Under a decision made by the IOC Executive Board, Juan Antonio Samaranch, the IOC president, will not take part in either of the two votes.

Three IOC members passed away in the past year. They were Julian K. Roosevelt of the United States, Park Chong-kyu of South Korea and Nikolaos Nissiotis of Greece. Three members are absent. They are Mohamed Mzali of Tunisia, M.A. Abdel Gadir of the Sudan, and Cornelis Kerdel of the Netherlands.

RONG YIREN HOLDS MEETINGS IN JAPAN ON COOPERATION

OW132102 Beijing XINHUA in English 1914 GMT 13 Oct 86

[Text] Tokyo, October 13 (XINHUA) -- Japanese Minister of International Trade and Industry Hajime Tamura said today that the Japanese Government is willing to encourage the nation's enterprises to invest in more Sino-Japanese joint ventures.

Tamura made the remark in a meeting with Rong Yiren, visiting chairman of the China International Trust and Investment Corporation (CITIC), who arrived October 6 to attend the first meeting on Sino-Japanese economic cooperation.

During the October 6 to 8 meeting, Tamura said the Japanese Government is willing to encourage greater cooperation between China and Japanese firms, although such cooperation would be non-governmental.

Rong, who returns to China October 20, said he hopes China will further expand economic and technical cooperation with Japan.

PRC TO EXCLUDE POL POT FACTION FROM PEACE TALKS

OW111317 Tokyo NHK Television Network in Japanese 1000 GMT 11 Oct 86

[Text] At his meeting with the Indonesian foreign minister in New York, Chinese Foreign Minister Wu Xueqian disclosed that China has decided to exclude the Pol Pot faction, which it has thus far supported, from peace talks for the settlement of the Cambodian question.

There are now two opposing forces in Cambodia: The Heng Samrin regime supported by Vietnam and the coalition government of the three factions, including the Pol Pot faction which China has thus far supported. This is the first report that China has decided to exclude the Pol Pot faction from future peace talks.

FOREIGN MINISTRY HOPES TO RESTORE TIES WITH LAOS

BK111204 Hong Kong AFP in English 1159 GMT 11 Oct 86

[Text] Beijing, Oct 11 (AFP) -- China hopes to restore friendly relations soon with Laos but has not yet been informed of Vientiane's plans to normalize Communist Party ties with Beijing, the Ministry of Foreign Affairs said here Saturday.

The official Laos news agency KPL monitored in Bangkok on Thursday said that the Laotian Communist Party (LCP) had approved plans on Tuesday to normalise relations with the Chinese Communist Party (CCP).

"We have not yet seen any official reporting in this regard," a Foreign Ministry spokesman said, adding that "The Chinese Government has always maintained a positive attitude towards the improvement of relations between China and Laos.

"We sincerely hope that the friendly relations between the two countries will soon be restored and developed through the joint efforts of the two sides," the spokesman said.

Relations between the two countries reached an all-time low following the brief but bloody Sino-Vietnamese border conflict in 1979.

At the time Laos expelled all Chinese advisors working in the landlocked Indochinese nation and the Chinese Embassy in Vientiane was reduced to five people.

Vientiane's plans to restore party-to-party links with the CCP, adopted at the LCP's 11th party plenum earlier this month, must still be approved at the LCP's next congress, the KPL report said.

KPL described the move as an "important contribution" to ensure peace in Southeast Asia.

There are some 40,000 Vietnamese troops in Laos, which has long-accused China of supporting rebels in the country and of provoking clashes along their 300 kilometre (186 mile) common border. Beijing has denied the accusations.

Western diplomats have noticed in recent months a mutual desire by the two countries to improve their relations.

Observers here believe that China is very interested in seeing a thaw in relations with Laos which, if normalised, would allow it to get a foothold in the pro-Soviet Indochinese triangle of Hanoi, Phnom Penh and Vientiane.

PRC NEW ZEALAND'S LARGEST EXPORT MARKET

OW150732 Beijing XINHUA in English 0634 GMT 15 Oct 86

[Text] Wellington, October 15 (XINHUA) -- China is now New Zealand's largest export market, Overseas Trade and Marketing Minister Mike Moore said today.

In a press statement issued here this morning, Moore said China "would become increasingly important to New Zealand as a trading partner as both economies developed their full potential."

Two-way trade between the two countries increased by 37 percent over the past two years, he noted.

It is noteworthy that China has recently applied for rejoining the General Agreement on Tariffs and Trade (GATT) at a time when preparations are being made for a new round of multilateral trade negotiations, the minister noted.

Earlier this morning, Moore met a Chinese trade delegation which came here to attend the 10th session of the Sino-New Zealand Joint Trade Commission. The commission meeting closed Tuesday.

NEW ZEALAND MINISTER PRAISES 'LINKS' WITH PRC

OW141819 Beijing XINHUA in English 1551 GMT 14 Oct 86

[Text] Wellington, October 14 (XINHUA) -- New Zealand and China have succeeded over the past few years in strengthening their political, economic, commercial, scientific and cultural links, said Minister of Internal Affairs Peter Tapsell today.

Speaking at a dinner he gave on behalf of Prime Minister David Lange in honor of the visiting Chinese youth delegation this evening in Auckland, Tapsell said "people-to-people contacts have expanded and New Zealand and Chinese have come to know each other better."

Tapsell said international understanding is one of the keys to maintain international peace and security and he expressed his belief that Sino-New Zealand friendly relations will strengthen day by day in future.

The 16-member Chinese youth delegation led by Shei Guangnan, vice-president of All China Youth Federation and vice-chairman of Chinese Musicians Association, arrived in Auckland this afternoon for an 11-day visit to New Zealand at the invitation of the New Zealand Government.

Members of the delegation include artists, journalists, cadres of the youth federation and government ministries from different provinces of China. They are paying a return visit to New Zealand.

A New Zealand youth delegation visited China in November 1985.

MALAYSIAN BUILDERS OPTIMISTIC ON TRADE WITH PRC

OW102204 Beijing XINHUA in English 1937 GMT 10 Oct 86

[Text] Hong Kong, October 10 (XINHUA) — A delegation from the Master Builders Association of Malaysia (MBA) which concluded its 25-day mission to China recently sees bright prospects for more direct trade and construction ventures between Malaysia and China, reported the Malaysian news agency BERNAMA today.

In a statement issued in Kuala Lumpur following the mission beginning September 10, MBA said that given government support, Malaysian master builders and businessmen can help to promote economic cooperation in both countries.

The 30-member delegation visited several Chinese cities at the invitation of China Civil Engineering Construction Corporation. The visit is believed to be their first private sector business development mission to China with government blessings.

Among the immediate fruits of the visit was a letter of intent signed between a MBA member and the Fujian Petrochemical Industry Company to establish a joint venture to extract barium products for export.

DENG XIAOPING MEETS FORMER AUSTRALIAN PREMIER

OW130812 Beijing XINHUA in English 0800 GMT 13 Oct 86

[Text] Beijing, October 13 (XINHUA) — As China develops, the relationship between China and the countries in Asia and the Pacific region will be strengthened rather than weakened, China's senior leader Deng Xiaoping said here today.

Deng, chairman of the Communist Party Central Advisory Commission, said China will do whatever is beneficial to those countries.

Deng made the remarks at a meeting with a delegation from the Australia-China Council led by Edward Gough Whitlam, former Australian prime minister and the council's chairman.

Asked to envisage China's role in the future economic cooperation in the Pacific region, Deng said China practices an open policy and it is certainly open to the countries in Asia and the Pacific region. He expressed his satisfaction over the current cooperation between China and those countries.

Deng called Whitlam "an old friend," recalling that China and Australia established diplomatic relations in 1972 during Whitlam's office.

The fact that there are no problems between the two countries makes their cooperation in a wide range of fields possible, Deng said.

Whitlam said the Australians attach great importance to developing relations with China.

Deng briefed his guests on China's program for economic development.

Although China is playing a limited role, Deng said, it is an important force in maintaining world peace. China follows an independent policy of peace, he said, and when it becomes developed it will be able to make greater contributions to world peace.

China has always regarded itself as part of the Third World and will remain so after it becomes developed, he said. It is still poor and can therefore do little for its poor friends in the Third World. When it is developed in the future it will do more for its friends and play a much greater role in solving the South-North problem.

Present on the occasion was Zhang Wenjin, president of the Chinese People's Association for Friendship With Foreign Countries.

The delegation arrived October 11 at the invitation of the association.

RENMIN RIBAO ON 'UNITY' OF DEMOCRATIC KAMPUCHEA

HK130855 Beijing RENMIN RIBAO in Chinese 10 Oct 86 p 6

[*"Random Notes" by Sai Bei (1049 0554): "Unity Is a Magic Weapon"*]

[Text] The eighth communique on achievements in rainy season fighting issued by the National Army of Democratic Kampuchea shows the current situation concerning the Cambodian battlefield is as follows: The National Army of Democratic Kampuchea has penetrated deep into inland areas, turning the rear of the Vietnamese Army and the bogus Phnom Penh army into the frontline, and directly attacking or threatening the major cities and communications lines they hold, with no small achievements scored in fighting. This has made more elusive the Vietnamese aggressor forces' pipedream of full occupation of Cambodia. On the other hand, this victory has strengthened the unity and cooperation of the resistance forces of three sides of Democratic Kampuchea. Encouraging and arousing more Cambodian people to join in the anti-Vietnamese struggle and, at the same time, shaking the confidence of and disintegrating the bogus army of Phnom Penh. This situation was not expected by the Vietnamese regime when it vigorously attacked the base of the National Army of Democratic Kampuchea in its dry season offensive last year.

The appearance of such a situation of the Cambodian battlefield is a result of the unity for the three sides of Democratic Kampuchea in fighting and is no mean achievement. It points to one truth: Unity is a magic weapon of a weak nation in resisting foreign aggression. With it, people can devote all their strength to defeating a strong enemy, reversing a situation, and turning an unfavorable situation into a favorable one, with victory achieved.

Therefore, disruption of the unity of the three sides of Democratic Kampuchea in an attempt to weaken and exhaust its forces through internecine conflict is the very trick played by the Vietnamese regime in its ploy of a so-called "proposal" for "three nations of Indochina." But the situation on the battlefield is causing this ploy to collapse by itself. Since the beginning of this year, people have noted that the three sides of Democratic Kampuchea have become better united and full of life and full of confidence, while the Vietnamese regime and the puppet Phnom Penh regime have been in a depressed state, running around and looking for a way out. One side is on the ascent, and the other is on the decline. The report by the National Army of Democratic Kampuchea on rainy season fighting provides a very good basis for such a sharp contrast.

RENMIN RIBAO NOTES SRV WITHDRAWAL FROM CAMBODIA

HK101018 Beijing RENMIN RIBAO in Chinese 9 Oct 86 p 6

[*"Jottings" by Rong Jiu (2837 0036): "A New Interpretation of the Vietnamese 'Troop Withdrawal"*]

[Text] Vo Dong Giang, a member of the Vietnamese Council of Ministers, said at the UN that Vietnam will withdraw its forces from Cambodia in 1990 on condition that Heng Samrin's armed forces "will be strong enough to ensure the security of their country." Judging from what he said, it will be impossible for the Vietnamese aggressors to withdraw from Cambodia because this condition will never be met.

In the past 8 years, the Vietnamese authorities have always wished that Heng Samrin's puppet troops would be "strong" enough to "ensure" that Vietnam's aggression against Cambodia would become an "irreversible" fact. However, things have gone contrary to their wish. Under the heroic resistance of the Cambodian people, the morale of the puppet officers and soldiers has become increasingly lower and incidents of changing sides, mutiny, and desertion are increasing. Even Heng Samrin's nephew has fled from Phnom Penh to join the struggle against Vietnam. A substantial portion of the puppet forces have directly or indirectly become anti-Vietnamese forces. Apparently, sayings such as making the puppet forces "strong" are no more than talking in one's sleep.

Nevertheless, what Vo Dong Giang said provides an interpretation of Hanoi's so-called 1990 troop withdrawal: Since it is impossible to "ensure" "security," there is no way to talk about Vietnam's troop withdrawal in 1990. Indulging in unbridled propaganda for something they can never do and do not want to do is simply a trick of the Vietnamese authorities to oppose the UN resolution and the world's public opinion.

However, the development of the situation will never let the Vietnamese aggressors have their wish. In the past 8 years, Cambodia's armed resistance forces have become stronger with each passing day instead of having been wiped out and the guerrilla war has spread throughout the country. The anti-Vietnamese of the people there will never stop so long as the Vietnamese aggressor troops have not withdrawn from Cambodia. There will never be a paradise for aggressors in Cambodia. If the Vietnamese forces hang on and refuse to clear out, they will sooner or later be driven out by the Cambodian people.

HU YAOBANG SENDS CONDOLENCES FOR INDIAN DOCTOR

OW131110 Beijing XINHUA in English 1046 GMT 13 Oct 86

[Text] Beijing, October 13 (XINHUA) — Chinese Leader Yu Yaobang today condoled with the All India Dr. Kotnis Memorial Committee on the death of its president and founder Dr. B. K. Basu.

In a message to the committee, the general secretary of the Chinese Communist Party said that Dr. Basu is a good son of the Indian people and a respected old friend of the Chinese people.

"He has made valuable contributions to the national liberation cause of the Chinese people and has made concerted efforts in promoting the understanding and friendship between the Chinese and Indian peoples," Hu said.

Dr. Kotnis, who helped the Chinese people during World War II in their war against Japanese aggression, enjoys great popularity in China.

"I believe," Hu said, "that the traditional friendship between the two peoples, to which Dr. Basu had worked to promote all his life, will be further consolidated and developed."

Other Chinese leaders sending condolence messages are Peng Zhen, chairman of the Standing Committee of the National People's Congress and Nie Rongzhen and Ye Jianying, vice-chairmen of the Military Commission of the Central Committee of the Chinese Communist Party.

The Chinese leaders in their messages expressed their deep condolences to the family and relatives of the deceased, on behalf of the Chinese people.

ULANHU PRESENTS TURBOGENERATORS TO NEPAL

OW142002 Beijing XINHUA in English 1853 GMT 14 Oct 86

[Text] Katmandu, October 14 (XINHUA) — Chinese Vice-President Ulanhu has presented two water-turbogenerators to the Nepalese King Mahendra Trust for Nature Conservation.

In a press release the trust said the generators will provide a source of electric power in an area where firewood had been used formerly.

It added that water-turbogenerators conform with the trust's aims of utilizing the kingdom's ample unused water resources and at the same time reducing the demand on the increasingly scarce forest resources.

The generators will be placed in Sagarmatha National Park and Annapurna conservation area in the northern country where thousands of small rivers and streams are unused so far.

The King Mahendra Trust for Nature Conservation is an autonomous, non-governmental and non-profit organization established in 1982 for the purpose of conserving and managing the country's nature and resources. King Birendra is its patron while Prince Gyanendra is the chairman.

QUEEN ELIZABETH CONTINUES HISTORIC VISIT TO PRC

Gives Reception for Press

0W310716 Beijing XINHUA in English 0644 GMT 13 Oct 86

[Text] Beijing, October 13 (XINHUA) -- British Queen Elizabeth II and her husband Prince Philip today gave a reception at the Diaoyutai State Guest House for Chinese and foreign pressmen covering the queen's China visit.

The reception was held in the "Four Season" Hall of the guest house's Villa 18, remodeled for the British monarch's current visit.

About 200 journalists from China, Britain and Hong Kong attended the 45-minute function. They were presented to the royal couple at the entrance to the hall.

It was an unusual occasion for the correspondents -- they were told not to bring cameras, recorders or notepads with them.

The newly completed villa is a two-storeyed building with an antique flavor. Its walls are covered with unglazed grey face bricks, in striking contrast to the glistening glazed roof.

In an environment of osmanthus and pomegranate trees, the front gate of the villa is guarded on either side by a gild-bronze lion, said to date back hundreds of years.

Visits Temple of Heaven

0W131138 Beijing XINHUA in English 1104 GMT 13 Oct 86

[Text] Beijing, October 13 (XINHUA) -- British Queen Elizabeth II and her husband Prince Philip today learned how Chinese emperors prayed for good harvests at the Temple of Heaven in Beijing.

Built in 1420, the Temple of Heaven in southern Beijing covers an area of 273 hectares, thrice the size of the Forbidden City. It is the biggest complex of altars and temples in China, where emperors of the Ming (1368 - 1644) and Qing (1644 - 1911) dynasties used to hold rituals, worshipping heaven and praying for good harvests. It opened to the public in 1925.

When the queen and her husband drove to the temple from the Palace Museum this afternoon, about one thousand tourists lined the road to greet them.

In the Hall of Prayer for Good Harvests, the British monarch looked up to the ceiling of the hall and asked why there was no dragon on that. The guide told her there was one outside the hall.

And sure enough, when the queen stepped down the staircase outside the hall, she saw a dragon carved in relief on the marble slab between the two flights of stone staircase.

Proceeding southward along a straight stone walk, the queen asked in which direction did the former emperors come to the hall. The guide told her that the emperors entered the gate of prayer for good harvests from the south.

Entering the gate in front of the Imperial Vault of Heaven, the queen marvelled at the roofs of deep blue glazed tiles of the hall, the side halls and the surrounding walls.

Having walked about a kilometer, the queen came to the center of the circular mound altar. She was told that in the old days the figure nine was considered as the most powerful number, so the altar was constructed with nine of multiples of nine stone slabs to represent infinity.

At the moment, the clouds dispersed and the altar was bathed in bright sunshine. For better shots, photographers asked the queen to face the sun. And with a smile, the British monarch complied.

Tours Beijing Palace Museum

0W130909 BEIJING XINHUA in English 0851 GMT 13 Oct 86

[Text] Beijing, October 13 (XINHUA) -- British monarch, Queen Elizabeth II and her husband Prince Philip, the Duke of Edinburgh, visited the former Imperial Palace, also known as the Forbbidden City, here this afternoon.

Located in the center of the city proper, the magnificent imperial residence with red walls and yellow-glazed tiles, served as the home of 24 emperors of the Ming and Qing dynasties (1368-1911).

Covering 720,000 square meters, the palace, now a museum, is composed of more than 9,000 rooms and is 560 years old.

Accompanied by Yu Jian, deputy curator of the Imperial Palace, the royal couple visited halls where emperors were enthroned, summoned civilian and military officials and handled day-to-day government business. They also visited other rooms only open to distinguished guests.

The queen highly praised the exquisite architecture of the palace. "She was also very interested in the cultural relics in the museum, including rare 18th-century clocks and astronomical instruments made in Britain and presented to Qing emperors," Yu Jian told XINHUA.

"Two clocks shown to the queen are among the only three in the world which show the hour, minute and date on both the solar and lunar calendar while playing music," Yu said.

The queen also toured the imperial garden in the palace where paths were built with pebbles forming more than 700 patterns.

Although the surfaces are difficult to protect, the queen said, effort should be made to preserve them.

After the visit, Yu Jian presented the queen with an "album of the Forbidden City." The queen said she was pleased to have had the chance to visit the palace.

Li Xiannian Speaks at Banquet

OW131300 Beijing XINHUA in English 1242 GMT 13 Oct 86

[Text] Beijing, October 13 (XINHUA) — The current visit of the British Queen Elizabeth II to China, "a logical result of the all-round and rapid growth of Sino-British relations, will give a powerful impetus to the deepening of relations between the two countries and enhancement of friendship between the two peoples," Chinese President Li Xiannian said here this evening.

Speaking at a state banquet he gave for the British queen and her husband Prince Philip, the Chinese president said that there was a long history of contacts between China and the United Kingdom and since the founding of New China, bilateral exchanges had increased steadily in various fields and there had been an ever-growing mutual understanding and trust between them.

Speaking of the satisfactory settlement of the Hong Kong issue by the two governments in 1984, Li Xiannian said that this not only ushered in a new historical period in their bilateral relations, but also set a good example of settling disputes between states through peaceful negotiations.

In a short span of two years since agreement was reached, the Chinese president added, encouraging progress has been made in the relations between the two countries.

Following Prime Minister Thatcher's visit to China, he recalled, Premier Zhao Ziyang and party General Secretary Hu Yaobang made successful visits to the United Kingdom.

Trade between the two countries has grown steadily, and economic and technical cooperation has continued to increase and expand, he said, adding that recently agreements have been signed on major economic cooperation projects such as the nuclear power station in Guangdong and bilateral scientific and technical, cultural and educational exchanges have been on the rise.

To develop friendly relations and cooperation with the United Kingdom constitutes an important part of China's external relations, the Chinese president said, adding that the British people, a great people full of wisdom and creativeness, have made outstanding contributions to human civilization and social progress.

As a permanent member of the U.N. Security Council and member of the European Community and the Commonwealth, the United Kingdom is playing an important role in international affairs, the Chinese leader said.

He stressed: "China and the United Kingdom have common interests and responsibilities in defending world peace and maintaining the stability and prosperity of Hong Kong through the all-round implementation of the Sino-British Joint Declaration. Our two sides, at different levels of economic development, can complement each other, and enhance and strengthen our relations of friendship and cooperation on an enduring and steady basis. We are ready to work with the British Government and people in a persistent effort towards this goal."

Queen Comments on Relations

OW131318 Beijing XINHUA in English 1310 GMT 13 Oct 86

[Text] Beijing, October 13 (XINHUA) -- Relations between the United Kingdom and the People's Republic of China are closer than they have ever been, British Queen Elizabeth II said here today.

The British monarch made the comment at a state dinner Chinese President Li Xiannian gave in her honor in the Great Hall of the People.

"This owes much to the settlement worked out between us for the future of Hong Kong. Both our countries are committed to doing everything possible to maintain Hong Kong's continued stability and prosperity," the queen said.

The Joint Declaration signed nearly two years ago demonstrated to the international community how political differences between nations can be resolved through patient negotiation, she said.

The conscientious efforts of both sides during the past two years have been dedicated to the full and smooth implementation of the Joint Declaration, she said.

"I am confident that the cooperative spirit which has been built up in this way will continue to provide a reliable basis for the imaginative policies which are enshrined in that document," the queen said.

She said Prince Philip and she welcome the opportunity to see what the Chinese people are achieving now, and to meet some of the people behind those achievements. China's policies of modernisation and reform attract very great interest in her country. The British people greatly admire the advances China has made in agriculture, industry, education, public health, science and technology.

"We in the United Kingdom are ready and -- we believe -- able to contribute to the realisation of China's plans for the future. We shall be happy to work with you, particularly, where our own experience is richest," she added.

The United Kingdom, she said, like China, wants, and is working for, world peace. Both countries are members of the United Nations Security Council. Both have, in consequence, world-wide responsibilities. "There is much we can, and must, do together to promote peace and stability in the world," she said.

Announces Fellowship Fund

OW131706 Beijing XINHUA in English 1612 GMT 13 Oct 86

[Text] Beijing, October 13 (XINHUA) -- British Queen Elizabeth II tonight announced the establishment of the Royal Society's "Royal Fellowships for China."

Speaking at a banquet the Chinese President Li Xiannian gave for the queen and her husband Prince Philip, she said she would like to mark this happy occasion of their China visit by this announcement.

These fellowships will cover the most challenging areas of research, she said. The queen expressed the hope that under this program, China will send some of its best scientists to work with Britain's best scientists and, through them, forge links not only with the United Kingdom but also with Britain's partners in Europe, the Commonwealth and throughout the English-speaking world.

After her speech at the banquet, the queen presented the Chinese president with a scroll on the fellowships. On behalf of the Chinese people, Li thanked the queen and the British people for this.

Zhao Ziyang Attends Banquet

OW131446 Beijing XINHUA in English 1435 GMT 13 Oct 86

[Text] Beijing, October 13 (XINHUA) -- Both Chinese President Li Xiannian and British Queen Elizabeth II noted here tonight that since the satisfactory settlement by the Chinese and British Governments in 1984 of the Hong Kong issue, encouraging progress has been made in the relations between the two countries.

They said this at a banquet Li gave for the queen and her husband Prince Philip, the Duke of Edinburgh here tonight.

The two heads of state toasted the lasting friendship and the ever closer and deeper cooperation between the two countries.

Chinese Premier Zhao Ziyang attended the banquet.

The banquet started at 7:30 this evening as the queen and her husband entered the hall accompanied by President Li Xiannian and his wife Lin Jiamei.

Li described the queen's current visit to China as an important milestone in the annals of Sino-British relations.

In response, the queen said that her visit to China represents the fulfillment of a hope which she has cherished for a long time.

During the banquet, the military band of the Chinese People's Liberation Army played classic and folk Chinese and British music.

Present were Sir Geoffrey Howe, secretary of state for foreign and commonwealth affairs, and Lady Howe; who are accompanying the queen on the visit.

Also present at the banquet were Geng Biao, vice-chairman of China's National People's Congress Standing Committee; State Councillor Ji Pengfei; and State Councillor and Foreign Minister Wu Xueqian.

Li Presents Gifts To Queen

OW131657 Beijing XINHUA in English 1646 GMT 13 Oct 86

[Text] Beijing, October 13 (XINHUA) -- Chinese President Li Xiannian presented the visiting British queen, Elizabeth II, with two gifts here tonight.

One is an imitation, five times smaller, of the bronze chariot and horses of the Qin dynasty (221-207 B.C.), unearthed from a place near Xian. The other is an embroidered portrait of the queen.

Li also presented Prince Philip with a painting done by the Chinese painter Wu Zuoren "Panda and Bamboos (glossy leaf Chinacane)" and an album of stamps.

Prince Philip is president of the World Wildlife Fund. It is learned that he will visit China again later this month in his capacity of the fund president.

Earlier today, the queen, in her own name, presented the Chinese people with a set of baby respirator [as received].

Wu Xueqian Accompanies Queen

OW132004 Beijing XINHUA in English 1853 GMT 13 Oct 86

[Text] Beijing, October 13 (XINHUA) — The visiting British Queen, Elizabeth II, was entertained here tonight with a theatrical program of dances, songs and operas.

The soiree, specially organized by the Chinese Ministry of Culture, followed a grand welcome banquet.

Accompanied by Chinese State Councillor and Foreign Minister Wu Xueqian and Vice-Minister of Culture Liu Deyou, the queen entered the auditorium in the Great Hall of the People amidst a warm applause by other audience present.

The first item was "Evening Party" by Chinese composer He Luding and "Military Marches" by British composer Edward William Elgar, both played by China's Central Philharmonic Symphony Orchestra.

This was followed by pieces from the Italian opera "Tosca" by Chinese soprano Wang Yanyan, an international-prize winner.

The program also included some solo dances.

Chinese actors and actresses also performed some parts of the "Much Ado About Nothing", presented in the form of Huangmei opera popular in the east China province of Anhui.

At the end of the performances, the British queen and her husband Prince Philip walked onto the stage and presented the performers with a basket of flowers.

Earlier today, Prince Philip saw the Beijing heavy-duty truck manufacturing plant which produces mining dump trucks with technology imported from Aveling Barford International Ltd. of the United Kingdom.

The prince was shown around the assembling workshop and there he saw Chinese workers assembling a RD030 truck and tried a new, orange one for some 30 meters himself.

Hu Yaobang Meets Queen

OW140652 Beijing XINHUA in English 0645 GMT 14 Oct 86

[Text] Beijing, October 14 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang met with British Queen Elizabeth II and her husband Prince Philip at Zhongnanhai here this morning.

The British queen gave a luncheon for the Chinese leader in the Buckingham Palace when he visited the United Kingdom last June.

Hu greeted the queen and Prince Philip with a warm handshake at the gate to the meeting room, saying that "I'm very glad to welcome Your Majesty the Queen and His Royal Highness the Prince."

The queen said that she was very glad to be in China.

She told Hu that she and her husband enjoyed their stay in Beijing.

Hu Yaobang recalled his happy days in Britain last June, adding that his task today was to assist the Foreign Minister Wu Xueqian in making the queen's stay in China as enjoyable as possible.

Queen Elizabeth said that there were many things for her to see in China although her current visit to the country was short.

Noting that China is a vast country, Hu Yaobang said, there weren't many modern things to see but a great deal of ancient sights and things to view. "While in Britain, I remember your majesty saying you would visit China twice," he said.

The queen responded, "If possible, it would be nice." Hu's visit to Great Britain left a beautiful impression with the British people, she added.

Turning to the British Foreign Secretary Geoffrey Howe, Hu Yaobang praised him as an outstanding diplomat, and asked him to convey his best regards to Prime Minister Margaret Thatcher and all the other friends he had made in Great Britain.

More on Hu Yaobang Meeting

OW140704 Beijing XINHUA in English 0656 GMT 14 Oct 86

[Text] Beijing, October 14 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang and the visiting British Queen, Elizabeth II, spent eighty minutes together here this morning, recalling personal friendship and looking forward to future development of Sino-British relations.

At the end of the meeting, Hu Yaobang guided the queen and her husband Prince Philip on a tour of Zhongnanhai, the headquarters of the Chinese Communist Party Central Committee and the Chinese Central Government.

A spokesman for the Chinese Foreign Ministry told reporters that during the meeting, Hu thanked the queen for announcing the establishment of the Royal Society's "Royal Fellowships for China", which, he said, reflected the desire to further Sino-British friendship.

The queen was quoted as saying that the fellowships would be of some help to China.

At the beginning of the meeting, Hu recalled his happy days in Britain last June when he made many friends there.

Queen Elizabeth II said that Hu's visit to the United Kingdom left a beautiful impression with the British people.

The queen also said that she and her husband enjoyed their stay in China, adding that there were many things for her to see in China although her present stay was short.

The Chinese leader remarked that the Sino-British relations were at their best, adding that the relations would continue to grow.

UK Fellowships Praised

OW140542 Beijing XINHUA in English 0112 GMT 14 Oct 86

[Text] London, October 13 (XINHUA) -- The royal fellowship scheme, presented by Queen Elizabeth II earlier today in Beijing as a gift to the Chinese people, was very good news for the scientists of both China and Britain, Royal Society President Sir George Porter said here this afternoon.

Professor Porter, a world-famous chemist and Nobel prize winner, told a press conference here that the new one-million-pound (1.5 million U.S. dollars) scholarship program would enable young Chinese scientists of post-doctoral or equivalent level to undertake periods of research in British laboratories.

This major scheme, he said, would be administrated by the Royal Society in collaboration with its Chinese partners, the Chinese Academy of Sciences and the China Association for Science and Technology. It would provide about 30 one-year awards offered each year for three years from January 1987, he added.

The professor, who has visited China four times, recalled the century-long scientific contacts between Britain and China and the ever-expanding scientific exchanges over the past decade.

The new fellowships announced by the queen on her state visit to China were in recognition of the importance now attached by both countries to their scientific cooperation to their long-term benefits, he said.

Lord Rhodes, the 91-year-old former labor minister who has led parliamentary delegations to China four times in the past eight years, told the press conference how he had initiated the idea of creating the royal fellowship scheme.

He also mentioned the donations given by the Chinese community in Manchester, one of the major industrial cities in Britain.

Both Professor Porter and Lord Rhodes expressed their sincere hope that the new scholarship program would contribute to the good relations and friendship between the British and Chinese peoples.

Deng Xiaoping Meets Queen

OW141056 Beijing XINHUA in English 1048 GMT 14 Oct 86

[Text] Beijing, October 14 (XINHUA) -- China's senior leader Deng Xiaoping said here today that with the successful settlement of the Hong Kong issue the task facing China and Britain now is to develop their relations and cooperation and friendship between the two peoples.

At a meeting with Queen Elizabeth II and her husband Prince Philip at the Diaoyutai State Guesthouse, Deng said that the queen's current visit will surely promote the growth of Sino-British relations.

Deng told the queen, "Please accept welcome and regards from and elderly Chinese," adding that the fine weather that Beijing has been in these days also added a sign of welcome.

The queen said she was long looking forward to visiting China.

Deng said he came to know of London's fog as a young man. "I was told about the famous fog in London when I was in Paris. And I went up the Eiffel Tower twice, trying to get a glimpse of London." The 82-old-year Deng said jokingly that since the climate in Beijing is a bit too dry, it might be a good idea for the city to share the wet climate with London.

Prince Philip said the fog was the product of Britain's industrial revolution and there is no fog now in the British capital. He smiled, adding that London might share rain with Beijing, in exchange for some sunshine.

Deng told his guests that Beijing used to be quite dusty and now it had made some improvements in environmental protection.

When the queen mentioned that she would visit some other Chinese cities, Deng said the route that the distinguished guests would follow -- Shanghai, Xian, Kunming and Guangzhou -- was indeed a good one.

Deng then offered some information about local conditions and customs in some Chinese cities.

The meeting was followed by a luncheon featuring Chinese cuisine, maotai and rice-wine. Deng asked the queen whether she would use chopsticks or not. The queen said she would just try.

Deng toasted the health and longevity of the queen and his [as received] husband as well as the growth of bilateral relations.

Queen Visits Kindergarten

OW140910 Beijing XINHUA in English 0902 GMT 14 Oct 86

[Text] Beijing, October 14 (XINHUA) -- British Queen Elizabeth II accepted a portrait of her in crayon from a five-year-old Chinese boy at a kindergarten here this afternoon.

The queen spent some 40 minutes with 400 Chinese kids at the "June 1" kindergarten near the summer palace after dining with senior Chinese leader Deng Xiaoping.

When the queen, accompanied by Mayor of Beijing Chen Xitong, arrived at the kindergarten, she was greeted by children waving bouquets and colorful balloons and ribbons.

The largest in the city, the "June 1" kindergarten covers 8,000-plus square meters. Over 400 kids aged between 3.5 and 5.5 are looked after by more than 100 teachers.

The queen watched the children learning music, drawing and reading. She was impressed by the kids' sense of music and ability to express themselves.

In one classroom, the British monarch watched the children draw pictures and make toys.

Under a wistaria pavilion, the queen watched a performance by the children, which they had been rehearsing since September.

Their performance of the British nursery rhyme "The Children of a Far Distant Land" and "Auld Lang Syne" won applause from the queen.

After the performance, the British monarch shook hands with the kids in goodbye. Yao Shuping, former director of the kindergarten, presented her with an album containing color pictures of the children and their paintings. Yao also gave the queen two children's readings as a gift to her two grandsons.

Meanwhile, the queen's husband Prince Philip visited a management training center for economic cadres under China's State Economic Commission in western Beijing.

The center is run in cooperation with the European Community.

Queen, Prince Visit Great Wall

OW141142 Beijing XINHUA in English 1127 GMT 14 Oct 86

[Text] Beijing, October 14 (XINHUA) -- Visiting British Queen Elizabeth II found the Great Wall the most fantastic of the many places she had been to, when she ascended this world-famous engineering feat here this afternoon.

The British queen and her husband Prince Philip drove to the Great Wall this afternoon. They had meetings with Chinese leaders Hu Yaobang and Deng Xiaoping earlier in the day.

The royal couple arrived at a section of the Great Wall at Badaling, about 75 kilometers northwest of the Chinese capital, at 3:40 p.m. The local temperature was 15 degrees centigrade.

When Beijing Mayor Chen Xitong who accompanied them told the queen that the Mutianyu section, some 170 kilometers northeast of Beijing, was even more fantastic, the queen responded with a smile that she would go next time.

The queen, wearing a violet dress and hat, and her husband got as far as the third beacon tower after covering some 400 meters, and there she took out a camera and took several pictures of the scenery and tourists. The royal couple posed for pictures by the press covering her and her entourage.

The Great Wall, one of the several engineering wonders in the world, was first built about 2,000 years ago. From its starting point at Jiayuguan Pass in northwest China's Gansu Province, the Great Wall crosses northern China from West to east ending at Shanhaiguan Pass on the Gulf of Bohai. Known in China as the "ten thousand li (five thousand kilometers) wall," it actually stretches for more than six thousand kilometers.

The wall rises and falls, twists and turns along the Yanshan and Yingshan Mountains, averaging 7.8 meters high and 6.5 meters wide at the base and 5.8 meters at the top.

When Chen Xitong told the queen how the Great Wall was built, she commented that the project was indeed very great.

The section the royal couple saw today is the best-preserved part, which attracts millions of tourists from home and abroad every year and tens of thousands a day during the peak seasons.

Today, many Chinese and foreign tourists remained on the site to see the queen and gave them a warm applause as the queen and her husband descended at 4.05 p.m.

Guo Jianhua, head of the Badaling Administrative Office of the Great Wall who guided the royal couple on the tour, presented them each with a certificate to commemorate their ascent. The certificates bear a design of the wall and the date of their ascent.

Zhao Ziyang Meets Queen

0W141604 Beijing XINHUA in English 1540 GMT 14 Oct 86

[Text] Beijing, October 14 (XINHUA) — Chinese Premier Zhao Ziyang visited the British Queen, Elizabeth II, and her husband Prince Philip, the Duke of Edinburgh, at the Diaoyutai State Guesthouse here tonight.

According to a Chinese Foreign Ministry spokesman, Zhao told the distinguished British guests that the smooth growth of the Sino-British relations is inseparable from the interest shown by the queen, the prince and the royal family as a whole. The queen noted that its smooth growth was very important.

Zhao said China welcomes the queen and the prince to visit China again in the future.

Prince Philip said this time they visit China's big cities, next time they will tour China's rural areas.

Zhao said the royal couple's current visit constituted a milestone in the annals of Sino-British relations and would exert a far-reaching influence on the friendship and cooperation.

The queen said her current visit would help deepen her understanding of China and its people.

Ji Pengfei, Howe Meet

OW131600 Beijing XINHUA in English 1532 GMT 13 Oct 86

[Text] Beijing, October 13 (XINHUA) -- Chinese State Councillor and Director of the Hong Kong and Macao Affairs Office under the State Council Ji Pengfei met British Secretary of State for Foreign and Commonwealth Affairs Geoffrey Howe here today.

Both Ji and Howe expressed satisfaction with the smooth progress in implementing the Sino-British Joint Declaration on the Hong Kong issue.

Howe is accompanying the queen on her visit to China.

Ji and Howe also exchanged views on ways of further implementing the declaration and of maintaining Hong Kong's stability and prosperity.

A spokesman for the Foreign Ministry told reporters that the meeting proceeded in a cordial and friendly atmosphere.

Howe described the queen's current visit to China as very important, as it will result in a better understanding of China.

Ji said the Chinese people are delighted to have received the queen. This is a major event in the annals of Sino-British relations, he added.

Wu Xueqian Breakfasts With Howe

OW141108 Beijing XINHUA in English 1104 GMT 14 Oct 86

[Text] Beijing October 14 (XINHUA) -- Chinese State Councillor and Minister of Foreign Affairs Wu Xueqian had a working breakfast here today with Geoffrey Howe, secretary of state for foreign and commonwealth affairs of the United Kingdom, who is accompanying the British queen on her visit to China. The two foreign ministers discussed international issues of common concern and bilateral relations in a friendly atmosphere.

Queen Tours Ming Tomb

OW141726 Beijing XINHUA in English 1453 GMT 14 Oct 86

[Text] Beijing, October 14 (XINHUA) -- The visiting British Queen, Elizabeth II, toured Chang Ling, the earliest of the 13 Ming tombs (tombs of 13 Ming dynasty emperors), 40 kilometers northwest of Beijing, here today. Earlier, the queen toured a section of the Great Wall.

The tomb was built in 1413, and it has not been unearthed yet. The Queen and her husband Prince Philip, accompanied by Beijing Mayor Chen Kitong, visited a hall above the ground. There they were greeted by young men and girls acting as court guards and maids of the Ming times.

On display in the hall were court costumes and other cultural relics unearthed from a nearby Ming tomb.

Queen Arrives in Shanghai

0W150720 Beijing XINHUA in English 0716 GMT 15 Oct 86

[Text] Shanghai, October 15 (XINHUA) -- British Queen Elizabeth II and her husband Prince Philip, accompanied by Chinese Foreign Minister Wu Xueqian and his wife, arrived in Shanghai from Beijing today.

The chartered plane landed at the city's Hongqiao airport at 12:00 hours.

The queen and her party were greeted by Shanghai Mayor Jiang Zemin and his wife as well as 1,500 local people.

The mayor is to host a banquet in honor of the British queen and her party at a guest house in the western suburbs of the city.

The queen is being accompanied by British Foreign Minister Geoffrey Howe and his wife.

Shanghai Mayor Hosts Banquet

0W150908 Beijing XINHUA in English 0845 GMT 15 Oct 86

[Text] Shanghai, October 15 (XINHUA) -- British Queen Elizabeth II and her husband Prince Philip were entertained to a banquet hosted by Shanghai Mayor Jiang Zemin soon after their arrival here from Beijing.

In her toast, the queen thanked the Shanghai people for the warm welcome accorded her and prince Philip.

When the queen and her party drove from the airport to the guest house, local people by the roadside greeted them with warmth.

The queen said that she had long been looking forward to visiting the famous city of Shanghai.

Mayor Jiang, who spoke first at the banquet, extended the warmest welcome to the royal couple on behalf of Shanghai's 12 million people. He wished for continued enhancement of the friendship between the Chinese and British peoples.

The queen also had a chat with a group of local musicians who had performed in the course of the banquet. The queen said that she was very interested in Chinese national music.

PLA NAVAL COMMANDER MEETS UK SHIP CAPTAINS

0W150121 Beijing XINHUA in English 1733 GMT 14 Oct 86

[Text] Shanghai, October 14 (XINHUA) -- Liu Huaqing, commander of the Navy of the Chinese People's Liberation Army, met Rear Admiral Garnier, captain of the royal yacht Britannia, Captain Brigstocke of the destroyer York, and principal officers of the two ships.

The two vessels arrived here October 11 to serve the British queen, Elizabeth II, in her current visit to China.

PRC UN AMBASSADOR CALLS FOR END TO APARTHEID

OW100146 Beijing XINHUA in English 0107 GMT 10 Oct 86

[Text] United Nations, October 9 (XINHUA) -- Huang Jiahua, Chinese ambassador to the United Nations, today reiterated China's call for the complete removal of the system of racism and apartheid in South Africa. Only by doing so, "can the people there enjoy equality, human rights and freedom and can genuine peace and stability prevail in southern Africa," Huang said at a meeting of the U.N. Third (social, humanitarian and cultural) Committee.

The Chinese ambassador strongly condemned the South African regime for its ruthless suppression of South African blacks, illegal occupation of Namibia and reckless provocations and incursions against neighboring countries.

He said, "The total elimination of racial discrimination and the apartheid system is an urgent imperative of modern times, a common desire of the peoples of the world as well as an important task facing the United Nations."

Huang spoke highly of the arduous and unswerving struggle waged by the people of South Africa and Namibia against racism and colonial oppression and for national equality, the fundamental human rights and the right to national self-determination. Their struggle, he said, "has not only been strongly supported by the frontline states and other African countries, but also received ever-increasing worldwide sympathy and support."

The Chinese ambassador said he was encouraged by the fact that an increasing number of countries, including the north European and some other Western countries, had joined in the sanctions against South Africa and adopted other measures against apartheid. Huang stressed that the international community should exert greater pressure on South Africa while rendering more effective assistance politically, morally and materially to the people of South Africa and Namibia.

The U.N. committee has been meeting this week to discuss issues related to the elimination of racial discrimination.

KENYAN PARTY LEADER URGES TIES WITH PRC

OW060900 Beijing XINHUA in English 0838 GMT 6 Oct 86

[Text] Nairobi, October 6 (XINHUA) — Chairman of Kenya's ruling party, the Kenya African National Union (KANU), David Okiki Amayo, today urged his country to continue and promote its existing friendly relations with China.

The chairman, who was back yesterday from a 12-day visit to China at the invitation of the Chinese Communist Party, said he was impressed by China's policy of opening to the outside world and economic reforms as well as development made by the Chinese Government.

Amayo and his delegation have held talks with the Chinese party General Secretary Hu Yaobang and Premier Zhao Ziyang during their visit. They also visited some provinces and cities of China and joined the celebrations of the 37th anniversary of the founding of the People's Republic of China in Beijing.

The KANU chairman reaffirmed Kenya's non-alignment and anti-apartheid policy.

NEW PROVISIONS FOR FOREIGN INVESTORS ISSUED

OW111644 Beijing XINHUA in English 1618 GMT 11 Oct 86

[Text] Beijing, October 11 (XINHUA) — Export enterprises and technologically advanced enterprises with foreign investment shall be exempt from payment to the state of all subsidies to staff and workers, except for the payment of funds for labor insurance, welfare costs and housing subsidies for Chinese staff and workers in accordance with the provisions of the state, the Chinese Government announced here today.

This is one of the 22 articles of the new provisions of the government which aimed at improving the investment environment.

The provisions stipulate that the site use fee and the development fee of the above-mentioned enterprises shall be five to twenty yuan (rmb) per square meter per year, except for those located in busy urban sectors of large cities. The maximum site use fee shall be three yuan per square meter per year in site areas where the development fee is computed and charged on a one-time basis or areas which are developed by the enterprises themselves.

It is stipulated that after the expiration of the period of reduction or exemption of enterprise income tax in accordance with the provisions of the state, technologically advanced enterprises may extend for three years the payment of enterprise income tax at a rate reduced by one half. After the expiration of the period, export-oriented enterprises whose value of export products in a year amounts to 70 percent or more of the value of their products for that year, may pay enterprise income tax at one-half the rate of the present tax.

One article says that for products of enterprises with foreign investment that require an export license, an application for an export license may be made every six months in accordance with the annual export plan of the enterprises.

Another article stresses that the people's governments at all levels and relevant departments in charge shall guarantee the right of autonomy of enterprises in managing themselves in accordance with international advanced scientific methods. Such enterprises may hire or dismiss workers and staff according to circumstances.

It is made clear that the agreement, contract and articles of association of an enterprise with foreign investment shall be examined and approved by the departments in charge under the State Council, and that the examination and approval authority must within three months from the date of receipt of all documents decide to approve or not to approve.

Under the new provisions, export enterprises and technological enterprises shall be given priority in obtaining water, electricity, transportation services and telecommunication facilities needed in production. The bank shall give them priority in issuing loans for short-term revolving funds needed for production and distribution, as well as other needed credit.

It is also stipulated that under the supervision of the foreign exchange control departments, enterprises with foreign investment may mutually adjust their foreign exchange surpluses and deficiencies among each other.

A point is made that when foreign investors in export-oriented enterprises and technologically advanced enterprises remit abroad profits distributed to them by such enterprises, the amount remitted shall be exempt from income tax.

TEXT OF STATE COUNCIL FOREIGN INVESTMENT RULES

0W111719 Beijing XINHUA in English 1639 GMT 11 Oct 86

[Text] Beijing, October 11 (XINHUA) — Following is the full text of the provisions of the State Council of the People's Republic of China for the encouragement of foreign investment, which was made public here this afternoon:

Provisions of the State Council of the People's Republic
of China for the encouragement of foreign investment
(October 11, 1986)

Article 1. These provisions are hereby formulated in order to improve the investment environment, facilitate the absorption of foreign investment, introduce advanced technology, improve product quality, expand exports in order to generate foreign exchange and develop the national economy.

Article 2. The state encourages foreign companies, enterprises and other economic entities or individuals (hereinafter referred to as "foreign investors") to establish Chinese-foreign equity joint ventures, Chinese-foreign cooperative ventures and wholly foreign-owned enterprises (hereinafter referred to as "enterprises with foreign investment") within the territory of China.

The state grants special preferences to the enterprises with foreign investment listed below:

(1) Production enterprises whose products are mainly for export, which have a foreign exchange surplus after deducting from their total annual foreign exchange revenues the annual foreign exchange expenditures incurred in production and operation and the foreign exchange needed for the remittance abroad of the profits earned by foreign investors (hereinafter referred to as "export enterprises").

(2) Production enterprises possessing advanced technology supplied by foreign investors which are engaged in developing new products, and upgrading and replacing products in order to increase foreign exchange generated by exports or for import substitution (hereinafter referred to as "technologically advanced enterprises").

Article 3. Export enterprises and technologically advanced enterprises shall be exempt from payment to the state of all subsidies to staff and workers, except for the payment of or allocation of funds for labor insurance, welfare costs and housing subsidies for Chinese staff and workers in accordance with the provisions of the state.

Article 4. The site use fees for export enterprises and technologically advanced enterprises, except for those located in busy urban sectors of large cities, shall be computed and charged according to the following standards:

(1) Five to twenty rmb yuan per square meter per year in areas where the development fee and the site use fee are computed and charged together;

(2) Not more than three rmb yuan per square meter per year in site areas where the development fee is computed and charged on a one-time basis or areas which are developed by the above-mentioned enterprises themselves.

Exemptions for specified periods of time from the fees provided in the foregoing provision may be granted at the discretion of local people's governments.

Article 5. Export enterprises and technologically advanced enterprises shall be given priority in obtaining water, electricity and transportation services, and communication facilities needed for their production and operation. Fees shall be computed and charged in accordance with the standards for local state enterprises.

Article 6. Export enterprises and technologically advanced enterprises, after examination by the Bank of China, shall be given priority in receiving loans for short-term revolving funds needed for production and distribution, as well as for other needed credit.

Article 7. When foreign investors in export enterprises and technologically advanced enterprises remit abroad profits distributed to them by such enterprises, the amount remitted shall be exempt from income tax.

Article 8. After the expiration of the period for the reduction or exemption of enterprise income tax in accordance with the provisions of the state, export enterprises whose value of export products in that year amounts to 70 percent or more of the value of their products for that year, may pay enterprise income tax at one-half the rate of the present tax.

Export enterprises in the special economic zones and in the economic and technological development zones and other export enterprises that already pay enterprise income tax at a tax rate of 15 percent and that comply with the foregoing conditions, shall pay enterprise income tax at a rate of 10 percent.

Article 9. After the expiration of the period of reduction or exemption of enterprise income tax in accordance with the provisions of the state, technologically advanced enterprises may extend for three years the payment of enterprise income tax at a rate reduced by one half.

Article 10. Foreign investors who reinvest the profits distributed to them by their enterprises in order to establish or expand export enterprises or technologically advanced enterprises for a period of operation of not less than five years, after application to and approval by the tax authorities, shall be refunded the total amount of enterprise income tax already paid on the reinvested portion. [paragraph continues]

If the investment is withdrawn before the period of operation reaches five years, the amount of enterprise income tax refunded shall be repaid.

Article 11. Export products of enterprises with foreign investment, except crude oil, finished oil and other products subject to special state provisions, shall be exempt from the consolidated industrial and commercial tax.

Article 12. Enterprises with foreign investment may arrange the export of their products directly or may also export by consignment to agents in accordance with state provisions. For products that require an export license, in accordance with the annual export plan of the enterprise, an application for an export license may be made every six months.

Article 13. Machinery and equipment, vehicles used in production, raw materials, fuel, bulk parts, spare parts, machine component parts and fittings (including imports restricted by the state), which enterprises with foreign investment need to import in order to carry out their export contracts do not require further applications for examination and approval and are exempt from the requirement for import licenses. The customs department shall exercise supervision and control, and shall inspect and release such imports on the basis of the enterprise contract or the export contract.

The imported materials and items mentioned above are restricted to use by the enterprise and may not be sold on the domestic market. If they are used in products to be sold domestically, import procedures shall be handled in accordance with provisions and the taxes shall be made up according to the governing sections.

Article 14. Under the supervision of the foreign exchange control departments, enterprises with foreign investment may mutually adjust their foreign exchange surpluses and deficiencies among each other.

The Bank of China and other banks designated by the People's Bank of China may provide cash security services and may grant loans in renminbi to enterprises with foreign investment.

Article 15. The people's governments at all levels and relevant departments in charge shall guarantee the right of autonomy of enterprises with foreign investment and shall support enterprises with foreign investment in managing themselves in accordance with international advanced scientific methods.

With the scope of their approved contracts, enterprises with foreign investment have the right to determine by themselves production and operation plans, to raise funds, to use funds, to purchase production materials and to sell products; and to determine by themselves the wage levels, the forms of wages and bonuses and the allowance system.

Enterprises with foreign investment may, in accordance with themselves their organizational structure and personnel system, employ or dismiss senior management personnel, increase or dismiss staff and workers. [paragraph continues]

They may recruit and employ technical personnel, managerial personnel and workers in their locality. The unit to which such employed personnel belong shall provide its support and shall permit their transfer. Staff and workers who violate the rules and regulations, and thereby cause certain bad consequences may, in accordance with the seriousness of the case, be given differing sanctions, up to that of discharge. Enterprises with foreign investment that recruit, employ, dismiss or discharge staff and workers, shall file a report with the local labor and personnel department.

Article 16. All districts and departments must implement the "Circular of the State Council Concerning Firmly Curbing the Indiscriminate Levy of Charges on Enterprises." The people's governments at the provincial level shall formulate specific methods and strengthen supervision and administration.

Enterprises with foreign investment that encounter unreasonable charges may refuse to pay and may also appeal to the local economic committees up to the State Economic Commission.

Article 17. The people's governments at all levels and relevant departments in charge shall strengthen the coordination of their work, improve efficiency in handling matters and shall promptly examine and approve matters reported by enterprises with foreign investment that require response and resolution. The agreement, contract and articles of association of an enterprise with foreign investment shall be examined and approved by the departments in charge under the State Council. The examination and approval authority must within three months from the date of receipt of all documents decide to approve or not to approve them.

Article 18. Export enterprises and technologically advanced enterprises mentioned in these provisions shall be confirmed jointly as such by the foreign economic relations and trade departments where such enterprises are located and the relevant departments in accordance with the enterprise contract, and certification shall be issued.

If the actual results of the annual exports of an export enterprise are unable to realize the goal of the surplus in the foreign exchange balance that is stipulated in the enterprise contract, the taxes and fees which have already been reduced or exempted in the previous year shall be made up in the following year.

Article 19. Except where these provisions expressly provide that they are to be applicable to export enterprises or technologically advanced enterprises, other articles shall be applicable to all enterprises with foreign investment.

These provisions apply from the date of implementation to those enterprises with foreign investment that have obtained approval for establishment before the date of implementation of these provisions and that qualify for the preferential terms of these provisions.

Article 20. For enterprises invested in and established by companies, enterprises and other economic organizations or individuals from Hong Kong, Macao, or Taiwan, matters shall be handled by reference to these provisions.

Article 21. The Ministry of Foreign Economic Relations and Trade shall be responsible for interpreting these provisions.

Article 22. These provisions shall go into effect on the date of issue.

GU MU HEADS STATE COUNCIL INVESTMENT GROUP

OW101827 Beijing XINHUA Domestic Service in Chinese 1252 GMT 9 Oct 86

[Text] Beijing, 9 Oct (XINHUA) -- According to a XINHUA reporter, the State Council has recently set up a leading group in charge of foreign investment. With State Councillor Gu Mu, who has been in charge of the work of implementing China's open-door policy for many years, as the head and Zhou Jiannan as deputy head, the group comprises a deputy secretary general of the State Council and the officials of the State Planning Commission, State Economic Commission, State Council's Special Economic Zone Office, Ministry of Foreign Economic Relations and Trade, Ministry of Labor and Personnel, Ministry of Urban and Rural Construction and Environmental Protection, People's Bank of China, Bank of China, General Administration of Customs, State Administration for Industry and Commerce and State Administration of Exchange Control. The group mainly aims to study major policies and plans on the use of foreign investment and make suggestions to the State Council. It may supervise the regional use of foreign investment, and coordinate all concerned departments to conduct arbitrations and help solve major problems. It also may organize concerned departments to oversee the overall proper use of foreign investment, and develop a legislative package governing procedures for foreign investment.

The group has set up an office, and its routine work will be handled by the State Council's Special Economic Zone Office.

OFFICIAL ANSWERS QUESTIONS ON FOREIGN INVESTMENT

OW141222 Beijing XINHUA Domestic Service in Chinese 0258 GMT 12 Oct 86

[Excerpts] Beijing, 12 Oct (XINHUA) -- An official from the State Council's Office of the Leading Group for the Work of Foreign Investment, in an interview with RENMIN RIBAO and XINHUA NEWS AGENCY reporters, answered reporters' questions on the "Provisions of the State Council for the Encouragement of Foreign Investment," which was issued on 11 October.

Question (Q): What is the basic guideline of the "Provisions of the State Council for the Encouragement of Foreign Investment?"

Answer (A): Generally speaking, it is a resolution to actually improve China's investment environment and to absorb further and use well the direct investment from foreign companies. Opening to the outside world is China's fundamental policy, while absorbing and using foreign investment is one of the major contents of the work of opening to the outside world. In recent years, especially since 1984, China has made great strides in utilizing foreign investment; however, some pressing problems remain to be solved. [passage omitted] The State Council organized those departments concerned to seriously investigate and study the problems, to sum up experiences, and then to discuss the matter several times; this is how the "Provisions" were formulated. This is a crucial step taken by our government to further absorb and to use foreign investments well.

Q: Why do the "Provisions" emphasize granting special preferences to export and to technologically advanced enterprises?

A: This is because we want to direct foreign investments onto a correct course, so that they may fit the needs of China's economic development. [passage omitted] One of the major purposes of our attracting foreign investments to open factories in China is to bring in advanced technology and management expertise, thus advancing China's technology, improving the quality of products, and giving impetus to the same trades in China. [passage omitted]

Q: In what areas do the "Provisions" give special preferences and conveniences to the export enterprises with foreign investment and to the technologically advanced enterprises?

A: One is to reduce labor cost; two, to reduce fees for the use of sites; three, to reduce or exempt them from taxes; four, to encourage foreign investors to reinvest the enterprises' profits in China; five, to guarantee the external conditions for production and management of these two enterprises (including the import-export of relevant materials). All of these are aimed at further lowering the production cost of the enterprises with foreign investment and at enhancing their competitiveness on the international market by taking advantage of China's favorable conditions. [passage omitted] Moreover, to end the situation in which some localities charge the enterprises with foreign investment with arbitrary fees, the "Provisions" clearly stipulate that when encountering unreasonable charges, enterprises with foreign investment may refuse to pay; they may also appeal, beginning with the local economic commissions and on up to the State Economic Commission. This article applies to all enterprises with foreign investment.

Q: How do the "Provisions" support enterprises with foreign investment in managing themselves in accordance with international advanced scientific methods?

A: The state positively supports the enterprises with foreign investment to fully exercise their right of autonomy in accordance with law; namely, they have the right to freely carry out production and management within the scope of Chinese law and of contracts approved by it; they may, as they do in other countries and regions, adopt various advanced and scientific methods of management to improve productivity and economic results. [passage omitted]

Q: Do the "Provisions" mention any specific measures to improve efficiency in handling matters of the people's governments at all levels and relevant departments in charge?

A: China's reform of the economic structure and management is under way; therefore, China is in transition from the old structure to a new one. In order to promptly examine and approve matters reported by enterprises with foreign investment that require response and resolution, we currently plan to take the following steps: 1) To set up a joint administrative system that is directed by responsible officials of the governments and participated in by all relevant departments in charge of those provinces and cities where there are many enterprises with foreign investment to promptly solve problems in the work of foreign investment; 2) to set up information service centers of enterprises with foreign investment in those provinces and cities with many such enterprises to provide an information service to foreign investors. [passage omitted] Finally, the official from the State Council's Office of the Leading Group for the Work of Foreign Investment said: The work of absorbing and utilizing foreign investment in China will definitely move forward, if we conscientiously and comprehensively carry out these "Provisions". All relevant departments and localities should solve any problems occurring under their administration. [paragraph continues]

We should prove the following with actual work: China's policy of opening to the outside world is unwavering, and the future for foreign investment in China is promising and bright.

RENMIN RIBAO DISCUSSES INVESTMENT ENVIRONMENT

HK130558 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 12 Oct 86 p 1

[Editorial: "Provide a Better Investment Environment"]

[Text] Recently, Chinese leaders have on many occasions talked about the creation of a favorable "small climate" [XIAO CHI HOU 1420 3049 0230] and a better investment environment for enterprises run with foreign investment. The "Provisions of the State Council for the Encouragement of Foreign Investment" promulgated today is exactly an important step taken by the Chinese Government to encourage more foreign businessmen to make investments in China.

Opening up to the outside world is one of the basic long-term national policies of China. As the modern world economic development has resulted in closer and closer international economic and technological ties, a country engaging in modernization today can hardly achieve success by practicing closed-doorism but must promote economic cooperation and exchange with other countries in the world. The intake and utilization of foreign investment is the most direct form of economic cooperation and exchange which cannot only help us make up shortage of funds that are essential to our country's economic construction but also bring in advanced technology, equipment, scientific management and administration know-how and experience, as well as other economic information. All these are necessary and useful supplements to our country's socialist economic development. The practice in some of our country's coastal areas that have been opened to the outside world has already proved this. Localities that have been doing a good job in implementing the policy of opening up to the outside world and taking in foreign capital have not only witnessed rapid economic development and substantial technological progress but also positive changes in people's mental attitude.

Foreign businessmen have voiced many opinions and criticisms of the investment environment in our country in the previous period. We cannot deny that there is in fact one problem or another in our practical work. Although we have made great efforts in formulating economic laws and regulations concerning foreign nationals and in building infrastructural facilities, our work is still not perfect enough. Moreover, a good investment environment also includes many other factors. We have confidence that we will be able to add to China's attraction, bring our favorable conditions into full play, prepare more convenient and favorable conditions for investors, and thus create an investment environment with competitive power in the world and, first of all, in Asia.

At present, an issue of top priority for the improvement of the investment environment is to vest enterprises run with foreign investments with the full decision-making power regarding production operation and management, to give foreign investors a free hand in production and management, and to encourage them to operate their enterprises with the world's advanced scientific methods with a view to invigorating the enterprises and improving their economic results. The "Provisions" reiterates the necessity of vesting enterprises run with foreign investments with the decision-making power regarding management, the personnel system, the raising of funds, commodity circulation, and so on. This is not only of great importance to the efficient operation of enterprises run with foreign investments but of far-reaching significance to the development of the reform of the enterprise management system in our country.

Production costs are low in China due to its vast market with great potential and generally low expenditure. This has been the country's principal favorable condition. However, a very bad practice is now prevailing in some places -- local departments always arbitrarily raise prices, impose charges, and apportion expenses whenever it concerns enterprises run with foreign investment. Perhaps these departments still have not realized that in doing so they are jeopardizing their favorable conditions. In fact, they are seeking immediate, partial, and local interests at the expense of long-term interests of the whole. Being eager for quick success and instant benefit and seeking minor interests at the cost of major interests, they are acting in a very unwise manner. It is therefore necessary to resolutely check such practices. The principle to which we must adhere in cooperating with foreign businessmen is that of equality and mutual benefit. This is a deal beneficial to both sides. The "Provisions" provide a concrete procedure governing the preferential treatment to foreign investors regarding taxation, charges, and so on. This is also of great significance to the guidance of foreign investment and improvement of the foreign investment makeup in China.

In promulgating the current "Provisions," the State Council has summed up the experience that China has obtained in utilizing foreign investment in the past few years and has adopted a series of effective measures by guaranteeing enterprises' decision-making power and giving preferential treatment regarding taxation. Conscientiously implementing the present "Provisions," we are bound to further improve the investment environment in China and make greater progress in our efforts to attract foreign investment.

PROVINCES CUT RED TAPE FOR FOREIGN VENTURES

OW131754 Beijing XINHUA in English 1548 GMT 13 Oct 86

[Text] Beijing, October 13 (XINHUA) -- Officials in several of China's most developed areas have been cutting red tape in support of foreign investments in response to new central government regulations.

Enterprises with foreign capital in Guangdong Province in southeast China are being allowed to pay their workers directly -- avoiding intermediary officials and extra charges -- provided they pay them prevailing Chinese wages plus subsidies for medical and unemployment insurance, social welfare and housing, a spokesman for the provincial government said here today.

Yu Fei, vice-governor of Guangdong, said that firms with foreign participation will also be given priority access to short-term loans.

"Companies that export more than 70 percent of their products will also continue to receive tax breaks after their initial tax reductions and exemptions have expired," Yu said.

At the same time, he said, Chinese customers will be urged to purchase products of these high export firms.

In Fujian Province, north of Guangdong on China's coast, Governor Hu Ping said he would head a special administrative group to assist foreign investment, according to a report reaching here today.

Hu said the provincial government will also establish a special company to do consulting work for foreign investors.

Another company will be opened to supply production materials for enterprises with foreign participation, he said.

"We're working to develop other preferential measures which we shall announce soon" involving autonomy, supplies, foreign exchange, loans and taxes, said Hu.

In Beijing, Vice-Mayor Han Boping said opening foreign exchange accounts will soon become easier for enterprises with foreign capital that manufacture goods China itself does not make.

At a news conference Sunday, Han said the city is also preparing to open a service company to provide enterprises with foreign investment materials at prices equal to those Chinese firms pay. In addition, he said, the company will help pay the foreign firms import equipment, raw materials and machine parts from abroad.

FOREIGN ENTERPRISE INCOME TAX RATE REDUCED

OW141026 Beijing XINHUA Domestic Service in Chinese 0644 GMT 8 Oct 86

[Text] Beijin, 8 Oct (XINHUA) -- The General Taxation Department of the Ministry of Finance informed the XINHUA NEWS AGENCY today: With State Council approval, the following revision is made to Article 4 of "Interim Provisions of the Ministry of Finance of the People's Republic of China for the Collection of Consolidated Industrial and Commercial Tax and Enterprise Income Tax From Resident Representative Offices of Foreign Enterprises": The article originally reads, "For the assessment of income tax, the taxable income shall be 15 percent of the business income." It has been revised to read, "For the assessment of income tax, the taxable income shall be 10 percent of the business income."

The revision went into effect on 1 October 1986.

NATIONAL SURVEY SHOWS MOST PEOPLE SUPPORT REFORM

OW141353 Beijing XINHUA in English 1320 GMT 14 Oct 86

[Text] Beijing, October 14 (XINHUA) -- More than 95 percent of Chinese workers, government employees and academic researchers support the country's ongoing reform of the economic structure, according to a national random sample survey.

The survey was conducted nationwide by the All-China Federation of Trade Unions early this year and involved more than 600,000 people in various trades.

Two thirds of those surveyed agreed that the ongoing reforms are "advancing China on a road leading to socialism with Chinese characteristics", and that road will lead to "a strong nation with wealthier people".

About 15 percent of the people surveyed considered the reform "a mode of capitalism based on socialist principles."

However, 13 percent say that they are not clear about the nature of the reform, even though they liked the results. About 15,570 people, 2.59 percent of those surveyed thought the reform is "more or less the same as capitalism."

Of the 640,000 people surveyed, 70.17 are blue collar workers, 17 percent are civil employees and 13 percent are academics or professionals. They were asked to answer questions on five aspects of their life. These included questions on their views concerning the current economic situation, the ongoing reform and their incomes. More than 82 percent of the respondents were under 45 years old.

Nearly half of the people surveyed were members of either the Communist Party, Communist Youth League or the country's other political parties. The other half were people without political affiliation.

The overwhelming majority of the people considered the country's policy of opening to the outside world is also important in "building socialism with Chinese characteristics," and that the policy is an "indispensable prerequisite" for the country's modernization drive.

A few people yet think that the policy will bring decadent ideology while in the main accelerating the modernization program. About 19,000, or less than three percent of those surveyed considered the policy as "having impeded the growth of the nation's industry."

While only about 15 percent unequivocally said China's economy was in excellent shape. Eighty-two percent thought the economic situation was good but they qualified their answers. Some thought many more problems needed to be tackled while others felt "social conduct has yet to be improved."

A senior official from the trade unions told XINHUA that more than 10,000 employees from the trade unions at various levels of the country participated in the survey.

The answers to the questionnaire were tabulated by computers and tens of thousands of pieces of information were sorted, the official said, adding that the data are valuable to policy-making for reference.

FIELD ARMIES CONVERTED INTO GROUP ARMIES

HK120634 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 40, 6 Oct 86 pp 16, 17

[Article by Xu Jingyue (1776 0079 6460): "All Chinese Armies Are Turned Into Group Armies"]

[Text] The 1980's is a period of brisk development of the Chinese Army. China's reform of the army system, which has been the focus of world attention, is drawing to an end. In the PLA establishment, there is a new unit -- the group army. Turning field armies into group armies is an important achievement in China's reform of the Army establishment and system, symbolizing a new stage of modernization of the Chinese Army.

In April 1983, the Central Military Commission began to establish the First Group Army in a certain place in north China. Yang Shangkun, executive chairman of this commission, personally went to this army to give a mobilization talk. By the end of 1985, all field armies of the PLA were turned into group armies. The work in various fields is now being carried out in accordance with the new establishment.

The group army is an inevitable outcome of the development and modernization of the Chinese Army. The PLA has already followed a historic course of 59 years. During the 22 years of revolutionary War, due to the specific historical conditions, the PLA had very few technical arms and infantry had always been the basic arm of the services. Since the founding of the PRC, the PLA has gradually developed into modern armed forces with various arms of service including the Ground Force, the Navy, the Air Force, and strategic guided missile troops. There has also been a great change in the formation of the ground force: The infantry has been developing toward motorization and mechanization; establishment of cavalry units has been abolished; and the professional and technical units, such as the armor, artillery, engineer corps, and antichemical warfare corps, have been strengthened in varying degrees. With the rapid development of science and technology, the shortcomings of the traditional field armies, such as each forms an independent system and each does things its own way, have also been fully exposed. They can neither suit the demands of the development of the Army toward modernization nor the demands of future wars. In modern warfare, since the Army's firepower, degree of motorization, and capacity of attack and independent fighting have been raised, there has been an increasing demand for expanding the scope of group actions so that the might of the combined arms can be brought into play. Thus, the Central Military Commission made a policy decision establishing group armies in 1983.

The current group army establishment of the PLA reflects the orientation of its future development. There have been many changes in this army since establishing the group armies:

First, the composition of the ground force has changed. The time of the infantry being the main force has already passed. In the First Mechanized Group Army, professional and technical arms have become the main body. One of every two soldiers is a technician, but only one of every five soldiers is an infantryman. At present, this army is composed of various modern units including infantry, artillery, armored signal, antichemical warfare, engineer, air defense, air and electronic countermeasures units. It has more than 370 professional and modern units, 200 technical items including laser, radar, computer, and meteorology.

The ability of the Ground Force to fight in coordination has been raised. Now, a perfect fighting unit has been formed based on the original arms of the services, which were independent systems acting in their own ways. In peacetime, it chiefly carries out coordination and professional training so as to raise the consciousness and level of coordinated action. In wartime, as the methods of coordination and the command system are simplified, the task of fighting can be undertaken through joint efforts under unified guiding ideology and command and through mutual cooperation and support. The success of the recent military exercise conducted by China's First Mechanized Group Army has proved this. In the exercise, various professional and technical arms were able to coordinate with one another under the unified command of the group army commander in order to fulfill complicated tasks under modern conditions. While carrying out the tasks of deep thrusting, assaulting, surrounding and annihilating, and supportive, fire the infantry, tank, and self-propelled artillery forces were able to coordinate with one another accurately and quickly, and the air, radar, meteorology, and other units were able to fulfill their tasks rather well. This symbolizes that the PLA Ground Force already possesses the ability to fight in coordination. The further improvement of weaponry equipment has changed the face of the Ground Force. [paragraph continues]

Instead of marching with blanket rolls on their backs, the soldiers can now advance in armored vehicles, raising the speed by 400 to 600 percent and enhancing their ability to react quickly. In gathering intelligence about the enemy, it is no longer necessary to rely on capturing enemy soldiers alive; it can be done by means of modern equipment such as radio, radar, and airplane. In fighting, it is no longer necessary to rely on infantry weapons; electronic countermeasures are used to jam the radar and radios of the other side and destroy its command system, and the air unit of the Ground Force is used to support ground fighting. On the ground, group tanks gallop on the vast land, carrying out the tasks of attacking and defending, and a network of fire is formed by guided missiles and all kinds of large-caliber guns. In the underground command post, commanders are able to conduct automatic command by means of a computer network, and the past methods of shouting to give orders and manual operations have become outdated.

Since the group armies were established, there have been some higher demands on the quality of military officers at all levels. They must have knowledge of modern science and must break with old ideas. They must have knowledge of various arms of the service. An officer above the battalion level must have the ability to command coordinated operations of various arms of the service. In order to meet this demand, there have been great changes in the knowledge composition of grass-roots cadres of the PLA: One of every two of these cadres is a university or polytechnic school graduate. At the same time, with the continuous permeation of science and technology into the military sphere, the number of officers giving direct command in fighting has been comparatively reduced, while that of those engaged in administration and technical work has increased. Through reform of the structure and simplifying administration, the number of technical officers now comprises more than one-third of the total number of military cadres of the whole Army.

Although there is no difference between group armies and field armies with respect to grade and authority, the tasks of the former are much heavier. It is a combined army group of various arms of the Ground Force which is capable of carrying out the task of tactical fighting or independent fighting.

Of course, after the establishment of the group armies, it is more difficult to organize training. A number of new problems have thus emerged in the political work and rear service of the Army. Now, various group armies are seeking methods, through practice, to solve these problems.

BAN YUE TAN VISITS NATIONAL DEFENSE UNIVERSITY

HK120828 Beijing BAN YUE TAN in Chinese No 18, 25 Sep 86 pp 44-47

[Article by Dai Xingmin (2071 2622 3046) and Gai Yumin (5556 3768 3787): "China's Highest Military Institution -- Visiting the National Defense University"]

[Text] China's highest military institution -- the PLA National Defense University -- opened on 1 September. We recently visited the school born in the reform of the army structure.

Situated in the western suburbs of Beijing, with green hills behind and the Beijing-Miyun Canal by its side, the National Defense University is peaceful and secluded. The teaching buildings, office buildings, and cadet dormitory buildings, as well as the green and luxuriant white poplars, pines, and cypresses, set off one another.

A responsible person of the school administration department told us: With the approval of the State Council and the Central Military Commission, the National Defense University was set up on 24 December of last year. [paragraph continues]

Central Military Commission Chairman Deng Xiaoping wrote the name of the school. It was established on the basis of three former military academies: The PLA Military Academy, the Political Academy, and the Logistic Academy. He said: Modern warfare calls for a "highly knowledgeable and capable" intellectual structure on the part of our military commanders, who should become "all-round persons" with strategic minds and the ability to direct combined operations and who know not only the Ground Force, the Navy, and the Air Force but also military affairs, politics, and rear service work. The National Defense University has been set up precisely to suit this new situation. Its principal task is to train commanding cadres of the Army, Navy, and Air Force at the Army unit level or above, senior staff officers, senior theoretical research personnel, and leading cadres of the relevant state departments in order to meet the needs of Army building in the 1990's and even early in the next century.

There are now the National Defense Research Department, the Basic Department, the Refresher Course Department, Postgraduate Institute, and teachers training class in the National Defense University. With the exception of the Postgraduate Institute, all departments have recruited new students this year.

The dean of the National Defense Research Department took us to a newly whitewashed 3-story building. He told us that scores of students in the department would spend their study life there. Most of the students are senior Army cadres. Of these, three-quarters are cadres at the army unit level or above or military district leaders, and a quarter are cadres at or above the department or bureau head level in the central organs or cadres from provinces and municipalities. It is the first time in the educational history of our military academies that local leading cadres have studied in a military academy.

The dean told us that the content of courses in the National Defense Research Department is mainly special topics related to national defense. The students should chiefly study on their own and, on this basis, concentrate on conducting research. When winding up their studies, they should be able to write treatises with original views on certain issues as a reference for leading organs in making policy decisions. In addition to studying military dialectic, first-term students should concentrate on studying the international strategic situation and the security situation in the Asian and Pacific region. To this end, the school has provided the students with large quantities of data involving military affairs, politics, and economy at all times and in all countries. After finishing their studies, the students will also go abroad on an inspection tour.

A new student at the National Defense University has over 100 required and elective courses. Over 90 percent of the teaching materials were recently compiled. In line with the objective of training "all-round persons" defined in the teaching program, the teaching materials concentrate many new theses and achievements in contemporary military theories, science, technology, and national defense building and are characterized by four characters: "High, new, wide, and deep."

The character "high" refers to high-level training, with the stress on strategy and tactics. The students should concentrate on studying the science of campaigns.

The character "new" means using the latest information and achievements in the world's science, technology, and military science to replenish or enrich the content of courses and predicting likely changes in strategy, campaigns, and tactics and in operational patterns following changes in the world's technological equipment at the end of this century and early in the 21st century, as well as exploring and advancing countermeasures in light of the new situation.

The character "wide" means offering courses on Ground Forces, Navy, Air Force, politics, and logistics, and logistics, as well as the necessary modern scientific courses in order to broaden the students' horizon and knowledge.

The character "deep" means that it is necessary to stress and penetratingly explain the main points in each course.

The advanced teaching facilities at the National Defense University left a deep impression on us. The new, beige main library building, with floor space of 8,000 square meters, has been made available to the users. The main and branch libraries store a total of 1.3 million books, 1,400 domestic newspapers and periodicals, and 170 foreign language, as well as Hong Kong and Taiwan, periodicals. In addition to 8 reading rooms, which are open simultaneously, the library also has over 50 separate research rooms. If a student wants to study a special topic, he may book a room by telephone. The personnel will ready a room for him and provide him with the necessary materials. The student may study, conduct research, or write theses in the room every day until he finishes his task.

In the audio-visual teaching center, we watched an advanced computer teaching system being installed. The comrade accompanying us said: Since modern warfare is generally conducted on a larger scale and in a bigger space, it is necessary to rely on the organic combination of man and modern equipment to command. In ordinary training, it is impossible to stage such large-scale actual exercises. After the equipment is installed, the students can use their application of software to create future battlefield environments in the room and to conduct teaching and research. When two commanders of a campaign, one commanding a "red" army and another a "blue" army, sit in front of a computer, devising strategies and making policy decisions in a battle of wits and courage, the equipment can promptly give scientific assessments of the strategic thinking and campaign commands of both sides and thus effectively help the commanders raise their capabilities to give commands and make policy decisions. The director of the audio-visual teaching center said that the school also planned to gradually add various supplementary teaching facilities for computers and that an audio-visual teaching center building, with floor space of 4,000 square meters, would be built near the new library building.

The National Defense University is a center of both teaching and scientific research. It conducts research in strategy and modernization of national defense and offers advice to the Military Commission and various general departments. The school has 78 professional research fellows who are quite influential inside and outside the Army. They are chiefly assigned to the Strategic Research Institute, the Marxist Research Institute, and Army-Building Research Institute under the Scientific Research Department. Now, in addition to working on a number of research topics assigned by the Military Commission and the general departments, they also launch scientific research in the eight categories of military science. They plan to finish several dozen treatises in 5 years to fill the many gaps in the various categories of military science.

The National Defense University pursues a policy of opening up to the outside world. Since its founding more than 6 months ago, 26 groups, consisting of over 200 foreign military leaders, internationally celebrated persons, experts, and scholars, have visited here to give lectures or conduct academic exchanges.

On our way home after the visit, thoughts surged in our minds: On the path toward the modernization of national defense in recent years, we have been leaping over a new milestone in making the PLA a regular army. [paragraph continues]

The National Defense University will certainly be able to train and bring up a large number of modern military personnel for our army and make a greater contribution to consolidating national defense and safeguarding world peace.

ZHONGGUO XINWEN SHE ON PARATROOPS' CAPABILITY

HK150611 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0345 GMG 13 Oct 86

[Report: "Chinese Paratroopers' Landing Technique and Survival Capability in Field Operations Have Reached the World Advanced Level" — ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 13 Oct (ZHONGGUO XINWEN SHE) — According to information from the headquarters of the Chinese Air Force, the combat capability of the Chinese Airborne Force has reached a new level in being able to fly at any time, land anywhere, and fight after landing. Their armed parachuting techniques at selected zones as well as their survival capability in field operations can be compared to that of paratroopers of the most advanced countries.

The Airborne Force can play an important role on the stage of modern triphibious warfare. However, it is still a relatively young special force of the Chinese Army.

In order to strengthen the features of high speed, mobility, concealment, and quickness of the Airborne Force, China reformed the training content and methods for its paratroopers, completing the airborne field training as well as the survival training in its main varied topographical areas like primeval forests, the Gobi Desert, rivers and lakes, water networks and swamps, mountainous and jungle areas, and so on and summing up a set of new training methods and means.

According to the training department of the Airborne Force of the Air Force, field survival training of paratroopers is conducted in every country. On the 19 survival training courses like field operations, logistics support, and coordination between various services, China has accumulated its own unique experiences and collected over 120 relevant materials and limit data.

HIGH-RANKING OFFICIAL IN HONG KONG TO RESIGN

HK110438 Hong Kong SOUTH CHINA MORNING POST in English 11 Oct 86 p 1

[By Chris Yeung]

[Text] China's number two man in Hong Kong, Mr Li Chuwen, is to resign from the local NEW CHINA NEWS AGENCY office next year.

Mr Li, the highest ranking of NCNA's four vice-directors, is expected to take up a teaching offer from a Shanghai university when he leaves the agency in the middle of next year.

Mr Li has built up cordial relationships with the consular corps and the foreign community since his posting here in mid 1983.

He is reportedly leaving for personal reasons, although there have been rumours in pro-Beijing circles that he is not on good terms with the Chinese hierarchy.

One source told the SOUTH CHINA MORNING POST Mr Li submitted his resignation during a recent trip to Beijing.

The resignation has been approved internally but awaits formal endorsement, the source said.

Mr Li reportedly in his mid-60s, was posted to Hong Kong during the Sino-British talks on territory's future, together with the director of the Hong Kong NCNA branch, Mr Xu Jiatun.

He came from Shanghai and held a senior rank in the Ministry of Foreign affairs before his posting to Hong Kong.

His successor is expected to be sent directly from the ministry and it is unlikely that the important post will be filled from the present hierarchy.

Playing an increasingly important role in Hong Kong in the run-up to 1997, NCNA began grooming younger talent after a reshuffle in 1984, although sources said Mr Li's resignation has nothing to do with moves to install younger people.

Speculation continues over the likely successors to Mr Li and to Mr Xu, who is also tipped to retire next year.

One rising star is Mr Qiao Zonghuai a vice secretary-general at NCNA.

Mr Qiao, son of late Chinese Foreign Minister Mr Qiao Guanhua, is a member of the Sino-British Joint Liaison Group.

But sources said yesterday Mr Qiao is unlikely to take up higher posts "in the immediate future".

RENMIN RIBAO HIGHLIGHTS NEWSPAPERS' CRITICISM

HK130748 Beijing RENMIN RIBAO in Chinese 11 Oct 86 p 1

[Commentator's article: "The Influence of Newspapers' Criticisms"]

[Text] This event called for deep thought, and the "Lawsuit" involved also called for deep thought. A retired cadre in Wuwei County, Anhui Province, illegally occupied a plot of land on the campus of Wuwei Secondary School for up to 13 years and built a wall and house there. The teachers and students of the school wrote many complaint letters and even sent telegraphs to the relevant authorities, but all were ignored. On 8 November 1984, this newspaper exposed the case; on 22 December the same year, the Wuwei County CPC Committee dealt with this case and made a 4-point decision. On 2 April this year, this newspaper published an investigative report by a RENMIN RIBAO reporter, and then, on 8 April, published the strong reactions of some people's deputies from Anhui who were attending the Fourth Session of the Sixth NPC. After another 6 months passed, this case was finally resolved. It took 20 months to basically solve a case after a criticism was made by the newspaper, but the newspaper criticism achieved some results. This shows that newspaper criticisms can play a certain role in the struggle against unhealthy tendencies.

The central leadership always advocates and the public always supports the conduct of criticism and self-criticism through newspapers. Some people who are involved in unhealthy tendencies "do not fear criticisms from the upper authorities, but only fear that their names will be mentioned by newspapers." This is because once the cases are made public, there will be pressure formed by public opinion. As the saying goes, "evildoers will be condemned by the public." The force of public opinion can never be ignored. In this regard, all personnel of party organs must not belittle their role and should not evade difficulties and problems and give up the weapon of criticism.

The primary reason newspaper criticisms are so forceful lies in the truthfulness of the criticisms. Criticism must be realistic. Newspapers must first accurately learn the facts before making any criticism. The central leadership has also often reminded us of this. If a criticism is not in line with the facts, it may not only hurt those who are criticized, but may also harm the party's reputation, thus adding difficulties to the conduct of criticism in newspapers. In this regard, our party organ personnel should have a high sense of responsibility and adhere to their trade ethics. They must not be careless.

However, not all realistic and accurate criticisms can achieve expected social results. This is because people who are criticized may not fear to lose face and may simply ignore the "opinion." In such cases, even newspaper criticisms are not effective. This requires the relevant party, administrative, and judicial departments to use party disciplinary, administrative, and legal means to handle such cases. The party, administrative, and judicial departments should not only perform their functions in dealing with unhealthy tendencies and lawbreaking cases, but they should also come out to uphold justice in the "lawsuits" filed by the people who are criticized and their superiors who shield their faults from the newspaper. After the event at Wuwei secondary school was exposed by this newspaper again and again in published reports, and the county party committee finally resolved the case with the help of the public opinion. This shows that it is also important for party and administrative authorities, at all levels, to make good use of newspaper criticisms to promote their work.

PROGRESS, 'RE-UNDERSTANDING' CULTURAL REVOLUTION

HK150207 Beijing RENMIN RIBAO in Chinese 13 Oct 86 p 5

["Press Digest" column "Re-Understanding the 'Great Cultural Revolution'"]

[Text] QINGNIAN LUNTAN No 7, 1986, published excerpts of some young theoretical workers' speeches at a discussion meeting "on the re-understanding of the 'Cultural Revolution.'"

Yu Minsheng said: The "Cultural Revolution" was a tragedy of the Chinese people. We should properly sum up experience so as to improve socialist democracy and the legal system. Only thus can we maintain lasting order and stability and a harmonious and dynamic political situation and build up socialist material and spiritual civilization in a well coordinated way.

He said that the prototype of the "Cultural Revolution" would never reappear in the future, but its secondary form and derivative form have not been eradicated in our social life, and are still attached to the residual small peasant economy and feudal things. They will not vanish until the planned socialist commodity economy is fully developed, prosperity is maintained for a long time, and the ideology, culture, democracy, and legal system of the entire society are in conformity with the development of the planned commodity economy.

Chen Hanwen analyzed the social and historical reasons for the occurrence of the "Cultural Revolution:" First, China's social relations were maintained on a non-democratic basis, and economic relations were based on excessive centralism. Therefore, people's political relations could only be based on absolute obedience to the upper authorities and personality cult. Although "benevolence" was emphasized in cultural relations, it must be subordinate to "loyalty;" and under the premise of "loyalty," "benevolence" could be replaced with violence. Second, the social regulatory mechanisms become rusty. There were three major disadvantages in China's social regulatory mechanisms: 1) The process of regulations was not continuous and consistent; instead, regulation was made only after contradictions were accumulated to a certain degree. 2) Regulation was made in a coercive way through various political movements. 3) There were no diverse means of regulation. Regulation was not made through building a sound legal system, adjusting the economic levers, and expanding cultural exchanges with the outside world, but was merely made through ideological and political work. Third, the social structure was a close pattern, and China was secluded from the outside world and the Chinese people did not know about the development of the world's economy and culture. They even thought about spreading the "Cultural Revolution" in other parts of the world and did not realize what a foolish thing their nation was doing.

When analyzing the relationship between the "Cultural Revolution" and China's traditional culture, Shang Mingfang said: Confucianism was China's ruling ideology for thousands of years. It was not only the ideology of the ruling class, but also formed the main part of the whole nation's cultural and psychological structure. Although many people did not really understand the contents of Confucianism, Confucianism was still powerfully controlling their conduct, morals, feelings, and mentalities. Therefore, the masses did not perceive the absurdity and ineptitude of such feudalist things as "loyalty dances" and "one person's dominance."

Cao Yuanzheng pointed out that the profound significance of China's structural reform not only lies in the improvement of our current systems, but also in the change of the situation in which our nation lacked a forceful impetus to make technological progress. This reform is a thorough negation of the "Cultural Revolution." On the other hand, in order to promote this reform, we must look back toward the "Cultural Revolution" from a higher plane of thought and find out about its root cause. So far, we have not sufficient efforts in this regard. We hope that all branches of social studies will make joint efforts and will help the general public to draw a lesson from this painful experience and deepen their understanding of the significance of the reform. Through summing up the past, grasping the present, and opening up the future, we will advance our reform cause and promote our nation's rehabilitation and rejuvenation.

SOCIETY TO STUDY MAO ZEDONG PHILOSOPHICAL IDEAS

OW141809 Beijing XINHUA in English 1439 GMT 14 Oct 86

[Text] Chengdu, October 14 (XINHUA) -- A national society for the study of the philosophical ideas of the late Chairman Mao Zedong was set up here today.

The society plans to organize nation-wide academic research and exchanges on Mao's philosophical ideas and to study how to use these thoughts to promote new ideas.

Leaders of the society come from the Philosophy Research Institute of the Chinese Academy of Social Sciences, the Central Party School of the Chinese Communist Party and the Philosophy Department of Beijing University.

ACADEMY TO OPEN FACILITIES TO 'OUTSIDERS'

OW131814 Beijing XINHUA in English 1634 GMT 13 Oct 86

["Academy To Open More Research Facilities to Outsiders" -- XINHUA headline]

[Text] Beijing, October 13 (XINHUA) -- The Academy of Sciences will open about 50 research institutes and laboratories to non-residential science and technology researchers home and abroad by 1990, Zhou Guangzhao, vice-president of the academy said here today.

The academy has opened two research institutes and 17 laboratories to the outside since August 1985, in a bid to make full use of existing research equipment scattered in affiliated departments. It provided funds, equipments and academic support to researchers whose applications were accepted.

So far, 355 applications have been accepted, with 78 percent from universities and colleges, industrial sources and other research establishments.

The new policy has promoted joint research among scientists of different fields, said Zhou at a work conference on the opening. The joint research has spawned 106 theses published in international forums or publications, and 240 pieces in domestic journals.

The Beijing Electron-Microscope Laboratory worked with a scientist from American Bell Laboratories on problems of large-scale integrated circuitry. The work yielded results which benefitted circuitry production.

The opening up has been a good chance for young researchers to boldly try their talents. To date, 233 postgraduates have come to the academy to work on their laboratory projects.

And with the opening has come increased international academic exchange, with 18 foreign scholars advising on academic commissions and 26 foreign scientists conducting research with Chinese counterparts this year.

FOREIGNERS INVITED FOR BIOTECH RESEARCH

OW141245 Beijing XINHUA in English 1052 GMT 14 Oct 86

[Text] Beijing, October 14 (XINHUA) -- One of China's top researchers in biological technology today invited foreign scientists to work in the country's leading laboratories.

Speaking at an international symposium on the use of technology to alter biological processes, Wu Zhichun of the Chinese Academy of Sciences said that foreigners were welcome to establish joint research and development programs, laboratories, technology exchanges and commercial joint ventures.

In addition to its plants and laboratories, China has invested 57 million yuan (15.4 million U.S. dollars) on a research and development center for what scientists call "biotech" in Shanghai, she said.

Also, according to Wu, the country has sent more than 500 graduate students and visiting scholars abroad to study biotech over the past six years.

"Biotech is one of our most promising areas of high-tech development, particularly in agriculture and pharmaceuticals," she said.

For example, according to Wu, with the help of genetic engineering, some Chinese scientists have been able to grow larger livestock and are experimenting with breeding larger goldfish, mice and freshwater fish.

Other scientists are working on developing more bountiful crops resistant to salty water, disease and herbicides, she said.

"But we are still far behind the developed countries," said Wu. "We don't have enough well trained personnel, we have difficulties getting people in different fields working together, and we seem to be better at developing technology in the laboratory than at getting our findings implemented by industry."

ACTIVITIES SET TO COMMEMORATE SUN YAT-SEN BIRTH

OW131040 Beijing XINHUA in English 1031 GMT 13 Oct 86

[Text] Beijing, October 13 (XINHUA) — A gathering of 10,000 people has been set for Beijing November 12 to commemorate the 120th birthday of Dr. Sun Yat-sen, leader of the 1911 Chinese Democratic Revolution.

In preparation for the event, organizers have invited relatives of Sun and his political supporters or their descendants in foreign countries as well as in Hong Kong and Macao.

Other commemorative activities include:

—An international symposium on Sun's life and work November 4 to 9 in Guangzhou. Participants will include more than 50 scholars from throughout the world.

—A special exhibition opening November 11 at the museum of Chinese Revolutionary History in Beijing.

—The unveiling of a statue of Sun November 12 in Beijing's Zhongshan Park.

Feature films, documentaries and television programs on Sun will be shown throughout the country over the next month.

Commemorative activities have also been planned for China's major cities and embassies abroad.

CHINA PUBLISHES SUN YAT-SEN'S 'COMPLETE WORKS'

OW131054 Beijing XINHUA in English 1038 GMT 13 Oct 86

[Text] Beijing, October 13 (XINHUA) -- 11 volumes of the "Complete works of Dr. Sun Yat-sen" will be published by China's Zhonghua Book Company before November 12, the 120th anniversary of Dr. Sun's birth.

Li Kan, editor-in-chief of the company, said the publication of Dr. Sun's works not only reflects the respect the whole Chinese nation has for this great revolutionary forerunner, but will also help further research on his thinking and keep his rich spiritual legacy alive.

Li also said tens of books on Dr. Sun's selective [as received] works have been published in the past sixty years, but this is the first time his complete works have been printed. The new editions contain over 8,000 essays and other texts written by Dr. Sun in 12 volumes which include a one volume index. These works contain 2,000 more of Sun's works than the 1973 Taipei-published "complete works of the state father". The editor-in-chief says the new five-million-word publication is "the richest in contents and largest in scale."

Li noted, however, that some of Dr. Sun's manuscripts and letters are still held by individual collectors and libraries, which means the 12-volume publications is not entirely complete. He said research departments are now working on an addendum that would include even more of Dr. Sun's unpublished writings.

DENG XIAOPING INSCRIBES PHOTO ALBUM ON SUN YAT-SEN

OW101047 Beijing XINHUA in English 0840 GMT 10 Oct 86

[Text] Beijing, October 10 (XINHUA) -- A photo album on Dr. Sun Yat-sen, great forerunner of the Chinese Democratic Revolution, was published here recently by China historical materials press.

To commemorate the 120th birthday of Dr. Sun, and jointly compiled by the Research Committee of the Historical Accounts of Past Events under the Chinese People's Political Consultative Conference National Committee and the Museum of the Chinese Revolution, the album consists of more than 700 photos and sketches.

Dr. Sun Yat-sen was born on November 12, 1866 in Cuiheng village, Xiangshan County (now Zhongshan City), Guangdong Province, and died in Beijing on March 12, 1925.

Divided into seven parts, the photos illustrate Dr. Sun's deeds in various historical periods from 1866-1925, such as seeking knowledge and establishing ideals in his youth, devoting himself to revolution, overthrowing the Qing dynasty, founding the Republic of China, reorganizing the Kuomintang, and cooperating with the Communist Party.

Deng Xiaoping, chairman of the Central Advisory Commission of the Chinese Communist Party, did the calligraphy for the album's cover: "Dr Sun Yat-sen: A Photo Album."

It was announced that more books on Dr Sun will also be published this month.

FANG YI ADDRESSES RARE-EARTH INDUSTRY MEETING

OW121334 Beijing Domestic Service in Mandarin 1200 GMT 9 Oct 86

[Text] Giving priority to developing those industries for which we have favorable conditions is one of the important principles for economic construction at present, said Fang Yi, member of the CPC Central Committee Political Bureau and state councillor, when addressing a national work conference on rare-earth industry, which concluded today. In developing China's rare-earth industry, he added, it is necessary to persist in displaying the spirit of reform and to turn as quickly as possible abundant resources into a favorable condition for developing this industry.

Comrade Fang Yi said: Our country is leading the world in applying rare earths to agriculture and light industries, including textile industry. However, we still have many weak areas if we compare what we have done with the ever-growing needs of the development of the national economy and national defense. He called on the comrades of all departments and in all localities engaged in the production and application of rare earths and doing research work on these materials to energetically work out a strategy for developing China's rare-earth industry based on both positive and negative experiences of other industries in our country. The purpose of this, he added, is to produce more economic and social benefits through the development of rare-earth industry.

In particular, Comrade Fang Yi mentioned the involvement of science and technology in developing this industry. He expressed the opinion that if China's strong points in this particular field of technology are to be maintained and developed, it is necessary to devote more efforts to basic theoretical research on the application of rare earths so as to understand more clearly the mechanisms of their reactions. In the development of rare-earth industry from now on, he pointed out, the solution to key problems in science and technology as well as the technological upgrading of existing enterprises should be emphasized so that scientific research results can be translated into a productive force as soon as possible.

PENG ZHEN, SONG JIAN ATTEND INVENTIONS EXHIBIT

OW121300 Beijing XINHUA in English 1116 GMT 12 Oct 86

[Text] Wuhan, October 12 (XINHUA) -- A national inventions exhibition opened here today.

This is the second such exhibition in China. The party veteran, Peng Zhen, who is a member of the Political Bureau of the Central Committee of the Communist Party of China and chairman of the Standing Committee of the National People's Congress, made a special trip to the city to cut the ribbon for the exhibition.

Song Jian, state councillor and minister in charge of the State Science and Technology Commission, attended the opening ceremony.

President of the International Exhibition Inventions of Geneva Jean-Luc Vincent also attended the opening ceremony.

On display are 1,374 inventions from all parts of the country, covering such fields as machine-building, electronics, medicine, transportation, chemical engineering and environmental protection. Of these, 139 have been patented. The youngest inventor is only 10 years old.

The exhibition will last ten days.

PENG ZHEN'S DAUGHTER DENIES CORRUPTION RUMOR

HK120414 Hong Kong SUNDAY STANDARD in English 12 Oct 86 p 6

[Text] The daughter of a top Chinese leader denied on a recent visit to Hong Kong that her brother is in trouble with the authorities, sources told the SUNDAY STANDARD.

Miss Fu Yan, daughter of Mr Peng Zhen, who is the chairman of the Standing Committee of China's National People's Congress, was in Hong Kong last week on her way back to China after a business trip to Canada.

Miss Fu declined to meet the press during her stay in Hong Kong. Only a leftwing newspaper, the WEN WEI PO, managed to take a picture of Miss Fu and wrote a few lines about the purposes of her trip. Nothing sensitive was mentioned.

Miss Fu came into the spotlight early this year when a foreign wire service carried a report that she had sold 300,000 tonnes of coal below the official price to a foreign company in the middle of 1985. In return, she had allegedly accepted a bribe of U.S. \$300,000.

Soon after the SUNDAY STANDARD broke the news in June that Miss Fu had been cleared of her involvement in corruption and had been permitted to go abroad, a Hong Kong magazine reported that it was her brother who was actually in trouble.

According to sources close to Miss Fu during her visit in Hong Kong, her trip to Canada was delayed for more than three months because her company had been waiting for a loan to be approved.

She categorically denied that her brother was involved in any corruption, sources said.

Sources said Miss Fu became very cautious and over-reacted a bit when she was asked about malpractices and involvements in trade by the children of top Chinese leaders.

She also declined to answer questions about whether her father has any difference in views with top Chinese leader Deng Xiaoping. There have been press reports saying that Peng Zhen had adopted a more conservative attitude towards reform.

"We children of top Chinese leaders also have to work and there is nothing wrong in us operating a trading company," Miss Fu was quoted as saying.

She is the vice-president and general manager of China Fu Li Company, which deals with high-level import and export trading.

Sources said she regards her joining in business trading as a contribution to China's reforms and complained that she is much busier in her present job than she was in her previous post in a research institute.

While China is short of foreign exchange, Miss Fu was also quoted as saying that her company concentrates on import trading. She found it very difficult to expand export market for nearly all kinds of Chinese products, she explained.

XI ZHONGXUN AT CPPCC STANDING COMMITTEE SESSION

OW141437 Beijing XINHUA Domestic Service in Chinese 0712 GMT 13 Oct 86

[Text] Beijing, 13 Oct (XINHUA) -- The Standing Committee of the 6th CPPCC National Committee started its 13th session in the CPPCC auditorium this morning.

According to the agenda, the current Standing Committee session will concentrate mainly on conveying, studying, and implementing the guidelines of the 6th Plenary Session of the 12th CPC Central Committee, hearing a report on the preparation work for the activities to commemorate the 120th birth anniversary of Dr Sun Yat-sen and a report on the work of the CPPCC.

Vice Chairman Liu Lantao of the CPPCC National Committee presided over today's meeting. At the beginning of the meeting, all members rose to mourn with deep grief the death of Comrade Liu Bocheng, great proletarian revolutionary and military scientist who was deeply loved and respected by the whole party, the whole Army, and the people of all nationalities throughout the country for his tremendous contributions and high prestige. The meeting also honored the memories of Liu Ding, Lu Shijia, and Li Yu, members of the Standing Committee who passed away since the last session of the Standing Committee.

Xi Zhongxun, member of the Political Bureau of the CPC Central Committee, entrusted by the CPC Central Committee, briefed the meeting on the 6th Session of the 12th CPC Central Committee and its guidelines. He also briefed the meeting on the current economic situation and economic work.

Lu Dingyi, Cheng Zihua, Kang Keqing, Qian Changzhao, Yang Chengwu, Lu Zhengcao, Zhou Peiyuan, Burhan Shahidi, Wang Guangying, Zhao Puchu, Qu Wu, Ma Wenrui, Mao Yisheng, Qian Xuesen, and Lei Jieqiong, vice chairman of the CPPCC National Committee, and 169 members of the Standing Committee attended the meeting.

FUJIAN'S CHEN GUANGYI ON STUDYING CPC RESOLUTION

OW150251 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 10 Oct 86

[Text] The enlarged meeting of the Fujian Provincial CPC Committee Standing Committee closed in Fuzhou after a 5-day session.

The meeting's central discussion topic was how to convey and implement the guidelines set forth by the 6th Plenary Session of the 12th CPC Central Committee.

When the meeting began, Chen Guangyi, secretary of the Fujian provincial party committee, conveyed the guidelines and gave a report. In accordance with a decision reached at a meeting of the Fujian provincial party committee Standing Committee, he presented the Standing Committee's opinions on conveying and implementing the guidelines of the 6th Plenary Session of the 12th CPC Central Committee.

At the session yesterday afternoon, Comrade Hu Ping gave an economic report. The report was studied and discussed in all groups today.

Addressing a meeting attended by (?the conveners of various groups) of organs under the provincial government last night, Comrade Chen Guangyi said: The resolution is a textbook on Marxism. Its substantial content covers a whole series of issues, including theoretical issues as well as general and specific policies, which must be studied repeatedly and thoroughly. In the course of study, we must uphold the four cardinal principles and adhere to the fundamental course of opening to the outside world and proceeding with our reforms. These two requirements, which serve to guide our course, are the essence of the resolution.

Comrade Chen Guangyi stressed that the resolution must be earnestly studied and implemented. He said: First of all, we should organize cadres at and above county-level units to study the resolution. In accordance with the principle that study should be conducted at various levels, special attention should also be directed toward organizing the vast number of party members and cadres to study the resolution. We should also investigate the situation of building a socialist spiritual civilization. First of all we should focus our attention on the work in this area done by various provincial, municipal, and prefectoral departments. All localities should strive to do a good job in building a spiritual civilization according to their actual and special situation. All party members should pay special attention to building a spiritual civilization, and all localities, all departments, and all trades and professions must learn how to build a spiritual civilization.

Comrade Chen Guangyi pointed out: We are confronted with a great deal of work today. While we must study and implement the guidelines set forth by the 6th Plenary Session of the 12th CPC Central Committee, we must also continue to investigate how we have been implementing the policy of opening to the outside world and carrying out reforms; while we must do a good job in rectifying village-level party organizations, we must combat irregularities among party members; and while we must attend to industrial and agricultural production during the year's fourth quarter, we must also be well prepared for the work next year. As such, we must consider the resolution's guidelines as a driving force, brace ourselves, and work with concerted and continuous efforts in order to accomplish all the work that must be done.

For this reason, we must take the initiative, be creative and cooperative, and dare to compete.

FUZHOU GIVES BETTER TERMS TO FOREIGN INVESTORS

OW150810 Beijing XINHUA in English 0718 GMT 15 Oct 86

[Text] Fuzhou, October 14 (XINHUA) -- The city of Fuzhou has adopted a policy of "better terms, fewer charges, lower taxes and limited formalities" for enterprises with foreign investment, according to Mayor Hong Yongshi. Hong told representatives of the city's Sino-foreign joint ventures Monday the city will "fully implement" last week's moves by the State Council, China's highest governing body, to help export-oriented and technologically advanced enterprises with foreign investment. The new policies announced by Hong include rent reductions and elimination of extraneous charges, an end to local income tax and salary surcharges, easier access to raw materials and utilities, and permission for investors from Hong Kong, Macao and Taiwan to hire their relatives.

In addition, Hong said, the city will simplify its regulation of enterprises with foreign investment and create a special office to help foreign investors and ensure the new policies are followed. Fuzhou, one of 14 coastal cities open to foreign investment, has 155 Sino-foreign projects involving use of 130 million U.S. dollars in foreign investment.

NANJING CITY CORRECTS BAD PRACTICES IN TRADES

HK120714 Beijing RENMIN RIBAO in Chinese 7 Oct 86 p 1

[Report by Gong Yongquan (7895 3057 3123) and Shen Shuxun (3088 5289 6061): "Nanjing City Rectifies Unhealthy Trends in Trades"]

[Excerpt] After repeated deliberations and discussions, the Nanjing City CPC Committee of Jiangsu Province decided early this year to bring about a change in party conduct, business style, and the people's behavior, with stress on straightening out unhealthy trends in departments in charge of commerce, housing, markets, and public transport, so that the people can really feel a turn for the better in the general mood of society.

The Nanjing City CPC Committee has regarded changing the style of leading cadres in various trades and undertakings as a matter of great importance and has called on leading cadres to accomplish the following "four go's": Go to key trades and undertakings, go to where many difficulties have arisen, go to where there are complicated contradictions, and go to where they have not been for a long time. Leading cadres at the urban level should take the initiative in these "four go's." Public transport is a "long-standing, big, and difficult" problem to solve. Through conducting on-the-spot surveys on over a dozen occasions, the leaders of the city have worked out 10 measures for straightening out the city's public transport. [passage omitted]

JIANGXI ACTING GOVERNOR AT PLANNING MEETING

OW150237 Nanching Jiangxi Provincial Service in Mandarin 1100 GMT 14 Oct 86

[Text] The provincial Gan Jiang Valley Planning Committee recently held an enlarged meeting to hear a report on the Gan Jiang Valley planning work submitted by a department concerned. The meeting examined the results of the planning work and discussed questions concerning the comprehensive harnessing and rational utilization of Gan Jiang's water resources. Wu Guanzheng, deputy secretary of the provincial party committee and acting governor of Jiangxi, attended the meeting to hear the report.

GUANGDONG GOVERNOR SPEAKS ON CONSCRIPTION WORK

HK122348 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 8 Oct 86

[Speech by Guangdong Governor Ye Xuanping; date, place not given -- live or recorded]

[Excerpts] Citizens and compatriots in the province:

This year's conscription work will start soon. In accordance with the spirit of the order issued by State Council Premier Zhao Ziyang and Deng Xiaoping, chairman of the Military Commission of the CPC Central Committee, on 2 September, from 10 October, our province will recruit some men and women of the right age to join the PLA and the People's Armed Police Force. This is a prime issue for the province in implementing the PRC Military Service Law and strengthening the building of national defense.

Workers, peasants, businessmen, students, people from other circles, administrative organs, schools, mass organizations, enterprises, institutions, and units of central authorities and other provinces stationed in the province must act immediately, submit themselves to the needs of the motherland, earnestly fulfill this year's conscription task according to the Military Service Law, and make their contributions to the building of the great wall of steel. [passage omitted]

In the new situation, particularly in the situation of people living a better life, youths must carry forward the glorious tradition of patriotism of our predecessors, give no thought to personal interests, protect our motherland and defend our homes, actively answer the call of the motherland, eagerly apply to join the Army, conscientiously perform their glorious duties, and make their contributions to the modernization of the national defense.

Parents, particularly party members and state cadres, must educate their children, relatives, and friends to consider the overall situation and to submit themselves to the needs of the motherland. They must actively support their children of the right age to join the Army and encourage them to delightedly take up the glorious post of defending the motherland and to win honor for the motherland and render service to repay the kindness of the motherland with their practical action.

Citizens and compatriots, let us unite as one and exert our efforts under the guidance of the spirit of the 6th Plenary Session of the 12th CPC Central Committee and successfully fulfill this year's conscription task so as to make new contributions to strengthening national defense and safeguarding the four modernizations.

GUANGDONG PEOPLE FIGHT SERIOUS DROUGHT

HK120730 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0346 GMT 9 Oct 86

[Report: "More Than 3 Million People in Guangdong Are Fighting Drought" -- ZHONGGUO XINWEN SHE Headline]

[Text] Guangzhou, 9 Oct (ZHONGGUO XINWEN SHE) -- More than 3 million people in Guangdong's rural areas are involved daily in a struggle against drought. The situation has improved somewhat in Zhaoqing, Huiyang, and Maoming Prefectures, which have been most seriously affected.

Since August this year, Guangdong has registered a much smaller amount of rainfall than in previous years. The situation in most rural areas has rarely been so bad for many years. The total area of farmland affected is about 14 million mu. Measures have been adopted in various parts of the province to fight drought. In Zhaoqing Prefecture in western Guangdong, more than 600,000 people are fighting drought by using pumps, buckets, waterwheels, and other tools. They have diverted water from rivers and built and repaired dykes and irrigation channels at more than 1,000 points. As a result of their efforts, the situation has improved somewhat. So far, 530,000 mu of affected late rice have been watered twice and chemical fertilizer has been applied to more than 1.1 million mu of late rice to boost the crop's final-stage growth.

The fall drought hitting Huiyang Prefecture this year is matched by only a few in the past in seriousness. About half of its late rice fields have been affected. In this prefecture, 880,000 people work to deal with the drought each day. By 7 October, the prefecture has built 2,237 kilometers of irrigation channels, drilled more than 14,000 wells, and dug more than 1,000 ponds to irrigate 695,000 mu of late rice.

With water supplied from its medium and small reservoirs and ponds, Moaming Prefecture has been able to save the agricultural products growing on 180,000 mu of land.

HUBEI TO HOLD MEETING ON BUILDING TWO CIVILIZATIONS

HK140903 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 9 Oct 86

[Excerpts] The provincial party committee recently decided to hold a representative meeting on the building of two civilizations in the rural areas early next year. The Propaganda Department and the Rural Work Department of the provincial party committee issued a circular on this.

The circular reads: Over the past few years, cadres and the masses in the province's rural areas have taken an active part in the activities of building civilized villages and households, resulting in the appearance of civilized villages and households which have achieved remarkable results in the building of the two civilizations, providing a good opportunity to study for rural areas and peasants, and promoting reforms and the building of the two civilizations in the rural areas.

The circular demands that all localities do a good job in selecting representatives through appraisal. Those that should be selected through appraisal are civilized villages and households that have adhered to coordinated development of the two civilizations and have achieved remarkable results in the building of material and spiritual civilization. In the meantime, town and township party committees that have done well in grasping both the material and spiritual civilizations and township enterprises and other units that have made great contributions to the development of agriculture in both material and spiritual civilizations should also be selected through appraisal. [passage omitted]

The circular urges the cadres and masses in the provinces's rural areas to take immediate action, firmly grasp the building of the two civilizations, particular the building of socialist spiritual civilizations, and take practical steps to greet the convening of the provincial meeting of advanced units and individuals in the building of two civilizations.

XIZANG PEOPLE'S CONGRESS MEETS 11 OCTOBER

HK140913 Lhasa Xizang Regional Service in Mandarin 1130 GMT 11 Oct 86

[Text] The 18th Session of the 5th Xizang Autonomous Regional People's Congress was held in Lhasa on the morning of 11 October. The meeting was presided over by Pagbalha Geleg Namgyai and Senggen Lozong Gyaincain, vice chairmen of the regional People's Congress Standing Committee. Attending it were Cao Xu, Jangzhong Zhaxidoje and Samding Doje Pamo, vice chairmen of the regional People's Congress Standing Committee; and Gyibug Puncog Cedain, vice chairman of the regional people's government. Those who attended the meeting as observers included responsible persons of Lhasa City People's Congress Standing Committee, the People's Congress Liaison Offices in Shannan, Xigaze and Nagqu and the relevant departments and regions and Higher People's Court of the Region.

The main items on the agenda of the session are as follows: To study and discuss the resolution of the 6th Plenary Session of the 12th CPC Central Committee, to convey the spirit of the 17th Session of the 6th NPC Standing Committee, to discuss arrangements for election of candidates for representatives of next tenure of the region's people's congresses at the county and township levels, and to discuss and approve appointments and removals of personnel.

XIZANG MILITARY DISTRICT STUDIES PARTY RESOLUTIONS

HK150719 Lhasa Xizang Regional Service in Mandarin 1130 GMT 12 Oct 86

[Excerpts] From 7 to 10 October, the Xizang Military District held an enlarged meeting of its party committee to convey and study the resolution adopted at the 6th Plenary Session of the 12th CPC Central Committee. Jiang Hongquan, Zhang Fengjiao, Yang Shixi, (Zhou Yangji), (Geng Quanli), and (Wang Shunhe), members of the Military District party committee Standing Committee attended the meeting.

At the meeting, Commander Jiang Hongquan, who is also an alternate member of the CPC Central Committee and deputy secretary of the Military District party committee, conveyed the spirit of the 6th Plenary Session of the 12th CPC Central Committee. Participants in the meeting conscientiously studied the communique of the 6th Plenary Session of the 12th CPC Central Committee, the resolution on convocation of the 13th CPC Congress, the CPC Central Committee's resolution on the guiding principles for building socialist spiritual civilization, RENMIN RIBAO's editorial entitled: Attaching Primary Importance To Studying Well Documents, and Speeches -- On Study and Implementation of the Spirit of the 6th Plenary Session of the 12th CPC Central Committee made by Yang Shangkun, vice chairman of the Central Military Commission; and Yu Qiuli, director of the PLA General Political Department. [passage omitted]

Comrade Jiang Hongquan called on all PLA units of the Military District to pay attention to the following points: 1) They should study conscientiously the spirit of the 6th Plenary Session of the 12th CPC Central Committee and fully understand the importance of strengthening the building of socialist spiritual civilization. 2) They should discard old ideas and make clear the task of building socialist spiritual civilization. 3) They should work hard to implement the spirit of the sixth plenary session so as to fulfill tasks in different fields.

BEIJING HOLDS CONSCRIPTION WORK CONFERENCE

SK110546 Beijing BEIJING RIBAO in Chinese 5 Oct 86 p 1

[Excerpts] Beijing Municipality has begun this year's winter conscription work. Yesterday, the municipal government and the Beijing Garrison cosponsored a mobilization conference on conscription work, at which leading comrades, including Mayor Chen Xitong, gave speeches calling for conscientiously implementing the Military Service Law, strengthening leadership, setting strict demands on quality, fulfilling this winter's conscription task qualitatively and quantitatively, and providing qualified soldiers for the national defense modernization construction. [passage omitted]

In order to fulfill this winter's conscription task qualitatively and quantitatively, Beijing Municipality recently established a conscription work leading group with Mayor Chen Xitong as the leader and with Feng Mingwei, vice mayor; Li Jinmin, political commissar of the Beijing Garrison' and He Shangchun, deputy commander, as deputy leaders.

Yan Tongmao, deputy commander of the Beijing Military Region and commander of the Beijing Garrison, attended yesterday's mobilization conference. Chen Xitong gave a speech in which he emphatically pointed out: It is necessary to integrate conscription work with the wide publicity of the Military Service Law, publicize the status and role of the Army and the advanced deeds that have emerged in conscription work, and enhance the sense of national defense work of all the people and their sense of honor and responsibility in performing military service and dedicating themselves to national defense undertakings. Party committee and governments at all levels should consider conscription work as a major task. The principal leaders of various districts and counties should personally grasp the work, and mobilize the people at each level. All departments should strengthen leadership, make concerted efforts, enhance their sense of political responsibility, strictly control the quality of new recruits, provide youths who are truly politically, physically, and culturally sound for the Army, and support the building of the Army with actual deeds.

TIANJIN CIRCULATES FUNDS TO PROMOTE DEVELOPMENT

OW111103 Beijing XINHUA in English 0751 GMT 11 Oct 86

[Text] Tianjin, October 11 (XINHUA) -- As of mid-September, Tianjin's financial institutions had circulated 5.2 billion yuan into the local economy, "PEOPLE'S DAILY" reported today. This was the first time that this city's financial institutions have pooled their cash reserves to help invigorate the economy. In the past funds on deposit could not be circulated from one institution to another. A sum of 4.9 billion yuan was circulated among the banks and was available to be lent in the first eight months of this year.

The city and district financial departments and insurance companies account for the other 1.3 billion yuan in circulation. These institutions have turned their temporary idle funds into a trust fund to be circulated among enterprises which are upgrading their plants. The financial institutions are also pooling funds and issuing bonds. In the spring of this year, the bank of agriculture issued bonds totalling 30 million yuan among peasants and then loaned the money to rural enterprises to help solve their financial problems. The city's Bank of Industry and Commerce is issuing bonds worth 30 million yuan to urban citizens and enterprises.

HEILONGJIANG DEALS WITH SERIOUS ECONOMIC CRIMES

SK150637 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 14 Oct 86

[Text] The procuratorial organs at all levels throughout the province with the close coordination of the departments concerned have dealt a blow to the arrogance of criminal elements by investigating and dealing with the serious economic crimes, resulting in an obvious decrease in crime.

Since the provincial on-the-spot meeting on dealing strict blows to serious economic crimes in August 1985, the procuratorial organs at all levels with the close coordination of the departments concerned have launched the struggle against serious economic crimes. Over the past year, the procuratorial organs in the province have accepted 5,201 cases and placed 3,283 cases on file for investigation and prosecution. Of the investigated and handled cases, 892 were of major and serious crimes, in which more than 25.6 million yuan of economic losses have been recovered. The number of cases handled and cases placed on file for investigation and prosecution and the volume of money recovered from the economic losses are the largest ever in the province's history.

Along with the party rectification drive, the procuratorial organs at all levels have also investigated and dealt with some cases of economic crimes committed by a number of party members while straightening out party style. At the same time, they have investigated and dealt with a number of cases that can exert potential influence. As of now, they have placed 180 exceptionally serious economic cases on file for investigation and prosecution, in which each embezzlement has reached more than 30,000 yuan, and have well investigated and dealt with them. They have also investigated and dealt with 28 cases of speculation and profiteering, and swindling. The Harbin City People's Procuratorate, along with the drive to consolidate various companies and stores, has investigated and dealt with the larger cases committed by the (Huaxia) Joint-Venture Company and the (Beifang Rizha) store with regard to the crimes of speculation and profiteering, and swindle. The economic losses in the case of the (Beifang Rizha) store alone reached more than 480 million yuan.

The provincial meeting of the procuratorial organs at all levels on exchanging the experience gained in dealing strict blows to serious economic crimes concluded in Harbin City on 14 October and urged the procuratorial offices at all levels to currently concentrate their effort on vigorously investigating and dealing with major and serious cases. Efforts should be made to discover more clues for solving cases and to be resolute in placing the cases on file for investigation and prosecution as soon as they have been discovered. By the end of 1986, the rate of arriving at a verdict of the major and serious cases will reach more than 70 percent. Meanwhile, efforts should be made to enhance guidance in line with the diversity of various cases and to improve the weak links. Their work emphasis should be placed on dealing with the cases of tax evasion and tax disobedience, group criminal cases on the construction front, and economic crimes committed by the units or communities.

GANSU MEETING CONVEYS 6TH PLENUM RESOLUTION

HK140923 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 11 Oct 86

[Text] This afternoon the provincial party committee held a meeting of responsible persons of the provincial CPPCC and democratic parties as well as public figures of all circles. Wang Bingxiang, chairman of the provincial CPPCC, conveyed the spirit of the 6th Plenary Session of the 12th CPC Central Committee. Li Ziqi, secretary of the provincial party committee, presided over the meeting.

Wang Bingxiang said; The CPC Central Committee's resolution on the guiding principles for building socialist spiritual civilization has scientifically summed up the experiences of our socialist modernization in light of the basic tenets of Marxism and defined the strategic position, principles, and tasks of the building of socialist spiritual civilization in the entire course of socialist modernization. It is the outcome of revolutionary practice since the 3rd Plenary Session of the 11th CPC Central Committee.

Wang Bingxiang hoped that members of CPPCC at all levels, democratic parties, nonparty personages, and public figures from minority nationalities and from religious circles, in the spirit of treating each other with all sincerity and sharing weal or woe, will fully display their wisdom and ability in building the four modernizations and work hard with the people of the whole province to push the building of the two civilizations in our province to a new stage.

COMMISSION SETS DEMANDS ON QINGHAI'S INDUSTRY

HK120858 Xining Qinghai Provincial Service in Mandarin 2330 GMT 9 Oct 86

[Text] Last night, responsible comrades of the provincial Finance and Economic Commission, Planning Commission, and other relevant departments participated in a telephone meeting with the State Economic Commission on planning our province's industrial production, transport, and commodity circulation work in the fourth quarter of this year.

Lin Zongtang, vice chairman of the State Economic Commission, spoke at the meeting. He stressed some problems to which attention should be paid in industrial production and transport work in the fourth quarter of this year. He said: In the fourth quarter of this year, efforts must be concentrated on improving economic results and supply and marketing work. Enterprises, commercial departments, and supply and marketing departments at various levels must devote major efforts to sending more manufactured goods to the rural areas, opening up rural markets, and improving channels of commodity circulation. Units and individuals who are advanced in marketing work should be given material rewards and spiritual encouragement. The State Economic Commission requests that industrial enterprises firmly put an end to production of unmarketable products of inferior quality or reduce their output, and produce more readily marketable commodities. In his speech, Lin Zongtang once again emphasized the quality of products. He called on departments at various levels to pay high attention to the problems so that the quality of products in the fourth quarter of this year will be markedly improved.

'TEXT' OF PRESIDENT'S NATIONAL DAY MESSAGE

OW091441 Taipei CNA in English 1405 GMT 9 Oct 86

[Text] Taipei, Oct. 9 (CNA) — The people of the Republic of China are untiring, self-reliant warriors and indefatigable champions of their beliefs, President Chiang Ching-kuo said in his Double Ten National Day message. The Republic of China is always faithful as an ally, a model of success for the developing countries, and an uncompromising anti-communist fortress, he added. He urged the people of the Republic of China to join hands to serve the country with devotion.

The full text of his message follows:

My dear fellow countrymen: The Double Tenth, our glorious National Day, has created a new life for the Chinese nation and gathered a new force to turn a bright new page in history. All the Chinese people, inspired and encouraged by this happy day, have dedicated themselves in a continuous effort to the future of the nation, shining like the bright sun in the blue sky.

Seventy-five years ago, the success of the Wuhan Revolution brought into being the first democratic republic in Asia. It has changed China's status in the international society and thereby helped reshape the world situation. Dr Sun Yat-sen pointed out that the duty of the people of the Republic of China was to help promote world peace. He further explained that "the promotion of world peace was the very goal of the Republic of China, and that to proceed toward this goal would further consolidate the foundation of the republic." Based on this solemn declaration, we have adopted our basic stance in international affairs, actively promoted international justice and striven to safeguard world peace.

This 20th century has experienced two world wars and the spread of communism. The Republic of China has gone through many trials and tribulations; and even now our compatriots on the mainland still suffer from the tyranny and persecution of the Communist regime. But no matter how difficult the world situation is, we have always stood firm in the democratic camp. We are convinced that we can overcome adversities and win victory over the enemy if we consolidate the foundation of freedom and democracy. Thus, in accordance with the ideals of the Three Principles of the People we have devoted ourselves to the reconstruction and development on this bastion of national revival. The ultimate objective is the reunification of China on the basis of freedom and democracy and the establishment of a lasting peace in Asia and the world.

With solidarity, persistence and joint efforts of our compatriots at home and abroad, we have rebuilt, based on achievements of our national development, our self-confidence, and self-respect, and re-affirmed our positive self-evaluation. We have pledged and exerted ourselves to present a true picture, in the eyes of the world, of the Republic of China as having the following characteristics:

--We are untiring, self-reliant warriors. In spite of hardships and adversities, our people have been able to meet the challenge with perseverance and determination, to overcome difficulties, and to break through barriers. We realize that self-help is the only way to build up our strength. In this great mission of national salvation and development, we are all brave fighters.

-- We are indefatigable champions of our beliefs. We are proud to inherit the benevolent tradition of Chinese culture. With this cultural heritage, we carry out faithfully and persistently the political ideal centered on that people's well-being and, out of this unswerving determination, adhere to the lofty goal of the Confucious' great commonwealth.

-- The Republic of China has been faithful as an ally. We fulfill our obligations and claim our lawful rights in the light of equality, reciprocity and open-mindedness. We also uphold justice and respect treaties in a world full of disturbances. We honor our commitments and treasure all friendly relations as we make our contributions to the international society.

-- The Republic of China is a model of success for the developing countries. We believe that the livelihood of the people is the pivot of history; the welfare of the people comes first in all cases. The interests of various sectors of the society are to be reconciled on the basis of mild, rational, and gradual reforms. We have successfully built a happy, secure, and prosperous society, advancing from an underdeveloped country to a newly industrialized one, providing services to other developing countries and serving as a model from them to follow.

-- The Republic of China is an uncompromising anti-communist fortress. We have suffered the most from the communists and know only too well the evils that poisonous communism can bring to mankind and the threat of communist expansion to world peace. Our anti-communist history is written in blood and tears. We wish to tell the world that freedom and democracy can never co-exist with communist totalitarianism. For the future of China and the world, we shall uphold our anti-communist position until final victory over communism is now.

Our late President Chiang Kai-shek said, "The rise of a nation depends on unity and solidarity. Whether a country is strong or not depends on the joint efforts of its citizens." My dear fellow countrymen, we are the people of this lovely country. Let us all stand at attention to salute our country and join hands to serve it with devotion. Now, let us all call out together:

"Long live the Three Principles of the People!"

"Long live the Republic of China!"

Hong Kong

'EXCERPTS' OF HOWE'S 12 OCT NEWS CONFERENCE

HK130246 Hong Kong HONGKONG STANDARD in English 13 Oct 86 p 4

[**"Excerpts"** of 12 October news conference held by UK Foreign Secretary Sir Geoffrey Howe; questioners not identified -- capitalized passages denote questions published in boldface]

[Text] IN VIEW OF THE COLONIAL GOVERNMENT'S BLATANT DISREGARD FOR PUBLIC OPINION ON THE DAYA BAY NUCLEAR POWER PLANT ISSUE, AND ITS OBVIOUS RELUCTANCE TO PLAY AN ACTIVE, IF NOT LEADING, ROLE IN UPCOMING CONSTITUTIONAL REFORMS, HOW DO YOU THINK THE HONG KONG GOVERNMENT CAN SALVAGE ITS DISCREDITED IMAGE AND REGAIN THE CONFIDENCE OF THE PEOPLE?

I think that there are three premises to that question, each of which is not acceptable. I think it is important to make it plain the Hong Kong Government will continue to take full account of the views of the local people. That has been reaffirmed and confirmed in the statement issued after the talks between representatives of the Hong Kong Government and the Prime Minister and others in Downing Street last month. The British Government and the Hong Kong Government alike will continue to take full account of the views of the Hong Kong people not only when drawing conclusions from the review but in other matters as well.

IS IT TRUE THAT THE CHINESE GOVERNMENT HAS EXPRESSED TO UK THROUGH VARIOUS CHANNELS THAT IT WOULDN'T WANT TO SEE DIRECT ELECTIONS IN HONG KONG IN 1988?

Again, as you know, I don't, nor can anyone else, comment on the views attributed to other people in newspapers. The review which will be completed next year is taking place, as I said in my statement, fully, genuinely and giving an opportunity for full account to be taken of the views of people in Hong Kong and it is at the conclusion of the review that we shall reach the time for taking decisions about it.

HOW CAN WE BE ASSURED THAT THE PUBLIC OPINION YOU COLLECT THROUGH THE GREEN PAPER ON POLITICAL REFORM IS GENUINE?

Because the assessment of that public opinion will take account of all the many ways in which it is expressed, including the expressions of opinion by Legco [Legislative Council] members and that has been the position in the past and it is important that it remains so in the future.

ON THE QUESTION OF CONVERGENCE IN HONG KONG, HOW CAN YOU ENSURE THAT IT CAN BE ACHIEVED?

Convergence is only one of many words in which you can express part of the process designed to achieve a smooth transfer of government in 1997, and many people are working in the different ways to ensure that that is achieved: the Joint Liaison Group [JLG]; the Basic Law Drafting Committee; contacts between governments, at different times and at different levels -- all these ways are important.

BUT THE QUESTION IS WHETHER THE LIAISON BETWEEN THE TWO SIDES ARE ENOUGH AT THIS STAGE NOW?

I am sure that there is very close, continuing and substantial liaison taking place in the ways that I've described. I think it is important that should continue. That is the impression that one has formed from the agreement so far reached.

IS IT THE POSITION OF THE BRITISH GOVERNMENT THAT SHOULD THERE BE PUBLIC SUPPORT FOR DIRECT ELECTIONS IN 1988, HONG KONG CAN HAVE DIRECT ELECTIONS, AND IS THE BRITISH GOVERNMENT PREPARED FOR THE EVENTUALITY THAT PUBLIC OPINION AND BEIJING'S WISHES MAY NOT CONVERGE ON THE MATTER OF DIRECT ELECTIONS IN 1988?

Well, we shall have to wait and see the outcome of the consultation that is taking place and other developments which will take place during that time. There is a whole range of contacts and consultations taking place. As I say, it is important for Britain and China to be alive at all times, not only to the concerns and views of each other, but also to the views expressed by the Hong Kong people.

STILL ON THE POINT OF CONVERGENCE. YOU JUST MENTIONED THERE ARE LOTS OF LIAISON CHANNELS SUCH AS JLG AND INFORMAL CONTACT BETWEEN GOVERNMENTS. BUT ALL THESE CHANNELS ARE NOT OPEN TO THE PUBLIC. HOW CAN WE ENSURE THAT OUR VIEWS ARE REALLY REFLECTED BY THE BRITISH AND HONG KONG GOVERNMENTS?

I think the best assurance you can have is the extent to which both the Hong Kong Government and UK have throughout paid the closest attention to the views of the people and the fact that those views have been firmly, faithfully and fully expressed by Exco [Executive Council] and Legco members. It's part of their job and it is a part which they perform very well.

I WOULD LIKE TO ASK WHETHER UK HAS DECIDED ON THE WAYS TO ASSESS PUBLIC OPINIONS AFTER THE 1987 REVIEW IS PUBLISHED?

That review is essentially a review being undertaken by the Hong Kong Government, and, in the course of it, every way in which opinion is expressed is being taken into account. It's not for me to anticipate the way in which that review will be brought to a conclusion.

JUST NOW, YOU SAID THE HONG KONG GOVERNMENT WOULD PAY ATTENTION TO LOCAL VIEWS AND WOULD LISTEN TO EXCO AND LEGCO, AND EARLIER THE EXCO MEMBERS VISITED BRITAIN, AND FROM WHAT THEY SAID, DO YOU UNDERSTAND WHAT IS THE VIEW OF LOCAL PEOPLE ON DIRECT ELECTIONS?

What I think is clear is that, on the question of direct election -- whether, when, and to what extent, all the many aspects of it -- there is a wide variety of views being expressed in Hong Kong, from every point of the spectrum and it would be quite wrong for me now to attempt to reach a conclusion on the subject which is the very subject of that review.

ON THE QUESTION ON LIAISON YOU MENTIONED THAT THERE ARE MANY CHANNELS THROUGH WHICH, FOR EXAMPLE, THE EXECUTIVE COUNCIL, THROUGH WHICH YOU UNDERSTAND YOU CAN TAKE HONG KONG PEOPLES'S OPINION INTO ACCOUNT. OUR CONCERN IS -- SINCE THESE ARE CLOSE DOOR MEETINGS -- HOW CAN WE BE ASSURED THAT THE VIEWS REFLECTED ARE INDEED THE VIEWS OF THE PEOPLE, ESPECIALLY WHERE THE PEOPLE'S OPINION MAY NOT CONVERGE WITH BEIJING'S WISHES?

The assessment of the people's opinion, like the assessment of opinion on so many questions, is something which takes place not only through different liaison channels but in part in public and in part in confidential deliberations, that is a necessary part of the working of any body like Exco. But the discussion of it in Legco, for example, is not behind close doors. Discussions of it in the Hong Kong press is anything but behind close doors.

All those manifestations of Hong Kong opinions are fully taken into account, both by the local Government and of course by UK as well. I can't do more than explain the process, but I can assure you the importance we attach to that process.

WHAT ROLES AND RESPONSIBILITIES UK PLAY DURING THE TRANSITION PERIOD?

The role and responsibility of the UK Government during the time between the signing of the Joint Declaration and 1997 is set out in the declaration itself. We retain full responsibility for the administration of Hong Kong until 1997 and of course are playing a full part in the various agencies and contacts I've described, to discuss and provide for the transfer of government in 1997.

AS WE KNOW, THE BASIC LAW IS DUE TO BE PROMULGATED IN 1990S AND WILL SHAPE OUR FUTURE DEVELOPMENT. SO WILL THE ROLE PLAYED BY THE UK GOVERNMENT DIMINISH IN THE RUN-UP TO 1997 AND WHAT WILL BE THE MAJOR TASK OF UK BY THEN?

Well, you're quite right that the process that is taking place between now and 1997, following on the agreement contained in the Joint Declaration, does include the very important work of the Basic Law Drafting Committee. It includes the continuing work of the JLG up to 1997 and thereafter to the year 2000.

It includes the continued responsibility of the British and the Hong Kong governments for administrating Hong Kong until 1997. We shall be continuing to play our full part and discharge our full responsibility in all those ways.

ON DIRECT ELECTIONS, HAS THE CHINESE GOVERNMENT MADE IT CLEAR TO UK THAT IT DISAPPROVES OF DIRECT ELECTIONS.

It's not for me to comment on the views of the Chinese Government and it would not be right to draw the conclusion implied in your question.

THE CHINESE GOVERNMENT CAN VETO DIRECT ELECTIONS THROUGH THE BASIC LAW. HAS UK GOT THE OPPORTUNITY TO VETO DIRECT ELECTIONS EVEN THOUGH THE HONG KONG PEOPLE MAY SAY THEY WANT THEM?

There are two processes taking place currently -- one the conduct of the 1987 review, the other the preparation within the ambit of the Basic Law Drafting Committee. That incidentally, of course is concerned with a rather longer time scale because the Basic Law comes into effect in 1997. In both those processes, as I've said several times, it is obviously right and sensible for UK and China to be alive to the concerns and views of each other; equally sensible for them to be alive to the views expressed by the local people.

SIR GEOFFREY, CAN YOU SAY MORE DEFINITELY HOW IS THE BRITISH GOVERNMENT GOING TO ASSESS THE PUBLIC OPINION IN HONG KONG, AND IF THERE ARE DIVERGENT VIEWPOINTS, HOW ARE WE GOING TO FIND THE MUTUAL POINT? SECONDLY, IN MAKING DECISIONS, WILL HER MAJESTY'S GOVERNMENT BE INFLUENCED BY THE VIEWPOINT EXPRESSED BY THE CHINESE GOVERNMENT?

I think that we have reached the point when it is not possible to add anything fresh to what has been said already. The expressions of opinion by the people of Hong Kong will be made and reflected, as I have described, through the Press, through the members of Exco, through members of Legco. They will be assessed by the Hong Kong Government at the end.... In the two stages I've described -- the Green Paper and then the White Paper.

In that as in other respects, Her Majesty's Government and the Chinese Government will be alive to the concerns and views of the other -- it would be quite foolish if we were not -- but also to the views expressed by the people of Hong Kong.

SIR GEOFFREY, ACCORDING TO YOUR UNDERSTANDING ABOUT HONG KONG, DO YOU THINK HONG KONG IS SUITABLE TO HAVE DIRECT ELECTION?

Well, that is one of the questions which is under consideration in the review. And I'm not going at this stage to inject my opinion into the discussion about which such widely differing views are held in Hong Kong.

I WOULD LIKE TO ASK ABOUT WHAT YOU SAID JUST NOW, AND THAT IS THERE ARE DIVERGENT VIEWS ON DIRECT ELECTIONS IN HONG KONG AND YOU HEAR ALL THESE VIEWS. WOULD YOU THEN TAKE THE MAJORITY VIEW OR WOULD YOU ONLY ADOPT THE IMPORTANT VIEWS?

I don't think anyone can begin to offer opinions as to which view is important, whose view is important. I think one has to take account of all the views. What is clear at the moment is that there is wide diversity of opinion. It is not clear, I think, how opinion will move as that debate continues in the months ahead. It would be influenced by many factors, and it is not for me now to say how the outcome will be determined. That is for those conducting the reviews.

SIR GEOFFREY, NOW THAT HONG KONG IS IN THE TRANSITIONAL PERIOD, AND THERE IS THE DAYA BAY AFFAIR, HOW CAN YOU ASSESS THE IMPACT OF THIS ON HONG KONG? DO YOU THINK THIS INCIDENT IS A BLOW TO PUBLIC OPINION IN HONG KONG? AND THE SECOND QUESTION IS, DO YOU THINK THIS WOULD AFFECT THE BRITISH OR THE CHINESE GOVERNMENT'S STAND ON THE PACE OF INTRODUCING DIRECT ELECTIONS BECAUSE MANY LEGCO COUNCILLORS THINK THAT LEGCO WAS UNABLE TO REFLECT PUBLIC OPINION AND THEY THEREFORE ASKED THAT THERE SHOULD BE DIRECT ELECTIONS IN HONG KONG. BUT OTHERS SAY THAT THE INDIRECTLY-ELECTED LEGCO MEMBERS HAD SAID TOO MUCH AND THERE SHOULD BE A SLOWER PACE AS FAR AS DIRECT ELECTION IS CONCERNED. WHAT ARE YOUR VIEWS ON THIS ISSUE?

On the last question, again it's not for me to express my view. You very interestingly summarised the two views that are expressed in Hong Kong -- some people saying that the particular lessons which may or may not be drawn from the Daya Bay project point in the direction of moving more and more quickly in the direction of direct elections and other people saying exactly the opposite. That merely underlines the point that I've been making, that there is today a divergence of views about it.

I think that the handling of the Daya Bay project itself does demonstrate the extent to which not only the Hong Kong Government but members of both Exco and Legco have taken very serious notice of the concern expressed in Hong Kong about the importance of safety aspects of the Daya Bay project. It's quite right that those concerns should be taken into account and expressed very plainly. They were expressed very plain to use in London by members of Exco when they came there.

And the Prime Minister was able to assure members of Exco that we were fully aware of our responsibilities for the welfare and well-being of the people of Hong Kong, that we have expressed our concern to the Chinese Government on more than one occasion and that we were confident, in light of those representations, that every effort will be made to ensure that the construction, operation, and management of the Daya Bay plant will be carried out to the highest possible safety standards.

So I think the lessons to be learned from the handling of Daya Bay, are that the existing machinery has been fully and rightly used to express and take account of the concerns of the people of Hong Kong on that subject.

ANTINUCLEAR PROTEST DURING QUEEN'S VISIT CANCELED

HK120246 Hong Kong SUNDAY MORNING POST in English 12 Oct 86 pp 1, 2

[Excerpt] A proposed campaign by Hong Kong anti-nuclear protestors during the visit of Queen Elizabeth was last night cancelled.

Anti-Daya Bay lobbyists called off the proposed disrupting rally only five hours before the Queen was due to board a VIP aircraft in London for Beijing.

"We will not be protesting during the China-Hong Kong Royal visit," Joint Conference on the Shelving of the Daya Bay Nuclear Plant spokesman, the Rev Fung Chi-wood, said.

"We feel, after a joint conference, that our proposed measures would not be effective."

The campaign was gearing up to be the only sour note in what is otherwise expected to be a triumphant sweep through China and Hong Kong by the Queen, Prince Philip and British Foreign Secretary, Sir Geoffrey Howe.

It was expected to be pushed ahead at all costs by the powerful anti-Daya Bay lobby, which has considered the royal visit to be the ideal opportunity for maximum publicity.

Last Sunday, more than 1,000 people attended a mass rally organised by the group at Morse Park in Wong Tai Sin to protest against the proposed construction of the nuclear power plant.

Mr Fung said proposed action had included deluging the Queen with anti-Daya Bay petitions, blacking out Hong Kong in "minutes of darkness," by calling on residents to switch off their lights at night and hanging protest flags from buildings along the route of the royal entourage.

The Queen left London as scheduled at 1 am Hong Kong time today, the first British Monarch who will ever set foot in China. She has only ever visited one other communist country -- Yugoslavia. [passage omitted]

LEGISLATIVE COUNCIL TO CONCENTRATE ON DAYA BAY

HK150229 Hong Kong SOUTH CHINA MORNING POST in English 15 Oct 86 p 1

[By Michael Chugani]

[Excerpts] Virtually all government business, including new legislation to have been raised at today's Legislative Council [Legco] meeting, has now been postponed to give councillors more time to debate the Daya Bay issue.

And last week's proposal to limit all speakers to five minutes has been dropped, though councillors will be urged to keep their speeches short to give everyone who wishes a chance to speak.

The Financial Secretary, Mr Piers Jacobs, will present a lengthy statement for the Government in which he will reject demands to release the confidential Lazard Brothers report on the economics of the Daya Bay plant.

Mr Jacobs is expected to justify keeping the report secret on the grounds it would be unfair to the parties involved to release the commercial secrets it contains which were obtained in good faith.

But he is expected to meet other demands to provide more information on the safety and pricing aspects of Daya Bay.

The Governor, Sir Edward Youde, has withdrawn from a major dinner function arranged months ago at which he was to have been the guest of honour, so he can stay throughout today's debate. [passage omitted]

The Daya Bay motion for today reads:

"That this council requests the Government to provide details of the arrangements regarding and tariffs for the purchase of electricity from the Daya Bay nuclear power plant together with such supportive documents as do not breach commercial confidentiality and to explain whether or not such arrangements will sufficiently safeguard the long-term interests of Hong Kong people."

Appointed and elected members are understood to have already decided to support the motion which means it will be unanimously passed unless there is a last-minute revolt.

It seems certain that the Government members of Legco will cast affirmative votes alongside with the appointed and elected members even though the Daya Bay motion is being tabled by the appointed and elected members.

"I don't think the Government is uncomfortable with the wording of the motion," one senior administration official said.

He added that although there had been no directive from the Chief Secretary for civil service members of Legco to vote one way or another, "the official members usually know where to take their cue."

If passed, the Government is then legally bound to provide information as demanded by the legislature. [passage omitted]

It is understood Mr Jacobs has prepared a 20-page speech containing safety and tariff information on Daya Bay which he will deliver at today's debate.

Sources said Mr Jacobs, who is expected to face pressure by opponents of Daya Bay to release the Lazard Brothers report, will detail the Government's position on the points raised in a nuclear safety report produced by councillors.

The report called on the Government to draw up a contingency plan to protect the public and food and water supplies in case of a nuclear accident.

It also calls on the Government to arrange an agreement with China to enable Hong Kong to monitor radioactivity at Daya Bay, to set up an independent advisory committee on nuclear energy, and to strengthen its public information program on nuclear energy.

While Mr Jacobs is expected to go a long way towards accepting safety proposals, he will stress that the Daya Bay plant is being built on Chinese territory by China.

Sources said he would speak at length on the electricity charges the Hong Kong public would face in using power from Daya Bay.

He will point out that while the power companies in Hong Kong have a Government-imposed scheme of control to prevent them from making excessive profits at the expense of the consumers, the Daya Bay plant is outside Hong Kong jurisdiction.

But Mr Jacobs will explain that profit controls can still be imposed in a different way because the Daya Bay power will still have to be transmitted to Hong Kong before it is distributed to consumers by China Light.

TAIWAN-PRC COMMERCIAL LINK BOOSTS RE-EXPORTS

HK140543 Hong Kong HONGKONG STANDARD (BUSINESS STANDARD) in English 14 Oct 86 p 1

[By Tony Ngan]

[Text] Hong Kong has established its position as the de facto commercial link between Taiwan and China, following the repeated political rejection of conciliatory offers from communist China to set up direct commercial, postal and communications channels.

Trade statistics from Census and Statistics on Hong Kong's re-exports linking the two markets have shown marked increase in bi-directional trade in recent years.

This is regardless of Taiwan's political stand and China's foreign exchange restrictions.

Re-exports of Chinese goods through Hong Kong to Taiwan rose 43 percent from \$698.3 million 1983 to \$998.7 million in 1984.

While the 1985 figure showed a fall of 9.5 percent to \$904 million, it was against a backdrop of an 11 percent decrease in Hong Kong's total re-exports to Taiwan from all countries of origin (from \$4.86 billion in 1984 to \$4.32 billion in 1985).

Figures for the period January to July this year promise renewed growth.

Chinese goods worth \$650.6 million were re-exported to Taiwan in the January to July period, averaging nearly \$93 million a month.

If the remaining five months show a similar performance, the total this year would come to \$1.1 billion -- another 23 percent rise.

Statistics of the principal commodities imported by Taiwan, with China as one of the leading countries of origin, included crude vegetable materials, medicine and pharmaceutical products.

In the other direction, China imported Taiwanese goods through Hong Kong to the value of \$1.23 billion in 1983, \$3.33 billion in 1984 (up 170 percent), and \$7.7 billion in 1985 (up 131 percent), with growth about to level off this year.

In the period January to July, Hong Kong's re-exports of Taiwanese goods to China amounted to \$4.82 billion, about \$688 million a month, equivalent to \$8.26 billion in the full year. Should this be achieved, the growth rate would be only 7 percent.

This sharp fall in growth is apparently the outcome of China's current policy of conserving foreign currency reserves, as shown by figures of Hong Kong's total re-exports to China from all countries of origin.

These showed the amount in 1983 was \$12.18 billion, \$28.06 billion in 1984 (up 130 percent), \$46.02 billion in 1985 (up 64 percent), and \$28.57 billion in the first seven months of 1986.

The projected annual total of China's import of Hong Kong's re-exported goods from all countries at \$49 billion would represent only a 6 percent growth, against a projected 7 percent growth rate of imports of Taiwanese goods.

Taiwanese goods bought by China included yarns and fabrics, and specialised machinery for particular industries as well as spare parts.

As the re-export figures are in Hong Kong dollars which is linked to the sinking U.S. currency, and the renminbi has depreciated a few times in recent months, the above figures should be set against the strengthening Taiwan currency.

For Hong Kong's re-exports to China, Taiwan goods were second only to Japanese products which amounted to \$3.39 billion in 1983 (against \$1.23 billion from Taiwan), \$9.48 billion in 1984 (\$3.3 billion from Taiwan), and \$14.54 billion in 1985 (\$7.7 billion from Taiwan).

In the case of re-exports to Taiwan, however, Chinese products were even ahead of Japanese goods which amounted to \$564.4 million in 1983 against Chinese goods at \$698.3 million \$818.1 million in 1984 (Chinese goods: \$998.7 million), and \$645.3 million in 1985 (Chinese: \$904 million).

U.S. goods re-exported to Taiwan topped the list at \$655.6 million in 1983, \$1.08 billion in 1984, and \$801.3 million in 1985.

Low oil prices and cheaper commodity imports including those from China, as the Taiwan currency continues to appreciate rapidly against the U.S. dollar and other currencies, are expected to keep Taiwanese goods competitive in world markets, and to strengthen its trading position.

Taiwan has projected a trade surplus of U.S. \$15 billion this year. The surplus with the U.S. alone is expected to reach U.S. \$13 billion.

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